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PROCEEDINGS AND DEBATES OF THE 85th CONGRESS, FIRST SESSION

SENATE

FRIDAY, JUNE 21, 1957

The Senate met at 11 o'clock a. m.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal God, whose glory the heavens and the earth declare, and whose garments, vast and white, we touch in all truth, all beauty, and all goodness, in a world swept by violent forces with which unaided we cannot cope, Thou only art our help and hope. Though our faces are shadowed by the tragedies which blight the earth, we lift them in faith to the light that no darkness can put out. Praying for a strength not our own to make us worthy of so momentous a time, when the pattern of humanity's life in the tomorrows may be largely fixed by the power to help and to heal, as wielded on this Hill, our intercession rises for our Nation and all who influence its policies and for all the people of the Republic, that the fearful cost paid to defend the decencies and sanctities of free life may at last bring all mankind, without shackles of mind or body, to the fairer earth for which we pray. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Journal of the proceedings of Thursday, June 20, 1957, was approved and its reading was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 768) to designate the east 14th Street highway bridge over the Potomac River at 14th Street in the District of Columbia as the Rochambeau Memorial Bridge.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the following committees or subcommittees were authorized to meet today during the session of the Senate:

The Committee on Finance.

The Committee on Rules and Administration.

The Committee on Agriculture and Forestry.

The Subcommittee on Health, Education, Welfare, and Safety, of the Committee on the District of Columbia; and

The Subcommittee on Welfare and Pension Plans Legislation, of the Committee on Labor and Public Welfare, until 12 o'clock noon today.

TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour for the introduction of bills and the transaction of other routine business. In that connection, I ask unanimous consent that statements be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

NOTICE OF DISSOLUTION OF THE UNITED STATES COMMERCIAL COMPANY

The PRESIDENT pro tempore laid before the Senate the following letter from the Secretary of the Senate, which, with the accompanying papers, was ordered to be placed on file:

JUNE 21, 1957.

The PRESIDENT OF THE SENATE,
United States Senate.

In accordance with law, the Reconstruction Finance Corporation has transmitted to me, as Secretary of the Senate, an official copy of a notice of the dissolution of the United States Commercial Company, a Government corporation, effective at the close of business on June 20, 1957.

I am transmitting the letter to you to be laid before the Senate for its information.

Respectfully,

FELTON M. JOHNSTON,
Secretary of the Senate.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT ON COOPERATION WITH MEXICO IN CONTROL AND ERADICATION OF FOOT-AND-MOUTH DISEASE

A letter from the Acting Secretary of Agriculture, reporting, pursuant to law, that there have been no significant developments to report for the month of May 1957, relating to the cooperative program of the United States with Mexico for the control and eradication of foot-and-mouth disease; to the Committee on Agriculture and Forestry.

AMENDMENT OF GOVERNMENT CORPORATION CONTROL ACT

A letter from the Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation to amend the Government Corporation Control Act, as amended (with accompanying papers); to the Committee on Banking and Currency.

AUDIT REPORT ON RURAL ELECTRIFICATION ADMINISTRATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Rural Electrification Administration, Department of Agriculture, for the fiscal year ended June 30, 1956 (with an accompanying report); to the Committee on Government Operations.

LAWS ENACTED BY LEGISLATURE OF TERRITORY OF HAWAII

A letter from the secretary of Hawaii, Honolulu, T. H., transmitting, pursuant to law, copies of laws enacted by the Legislature of the Territory of Hawaii in its regular session of 1957 (with accompanying papers); to the Committee on Interior and Insular Affairs.

PETITION

The PRESIDENT pro tempore laid before the Senate a letter in the nature of a petition from the Hawaiian Telephone Co., Honolulu, T. H., signed by J. Ward Russell, executive assistant to the president, praying for the enactment of House bill 7431, to provide the necessary funds to implement the recommendations of the National Science Foundation with respect to the provision of adequate training and research facilities at the Hawaii Institute of Geophysics at the University of Hawaii, which was referred to the Committee on Appropriations.

RESOLUTIONS OF MINNESOTA UNITED NATIONS ASSOCIATION

Mr. HUMPHREY. Mr. President, I have just received a copy of 10 resolutions approved at the annual meeting of the Minnesota United Nations Association. Most of these recommendations are ones which I myself have made on

many occasions in the past. As a delegate to the 11th General Assembly of the United Nations, I am particularly pleased that the Minnesota association continues its forward-looking community leadership on these issues.

I ask unanimous consent that the resolutions be printed in the RECORD, and appropriately referred.

There being no objection, the resolutions were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Draft Resolutions Reported by the Committee on Resolutions for Consideration at the Annual Meeting of the Minnesota United Nations Association, and Approved as Revised on May 4, 1957

1. Membership: We note with satisfaction the expansion of the membership of the United Nations to include 81 states. We do not share the fear that some have expressed that this will alter the balance of power in the General Assembly to the disadvantage of the West. We value the firm support of United Nations principles demonstrated by the new members in recent crises.

2. The Middle East: We commend the General Assembly of the United Nations and the Secretary General and his staff for the vigorous action taken in securing withdrawal of the forces which invaded Egypt, in maintaining order on the frontier between Egypt and Israel by use of the United Nations emergency force, and in clearing the Suez Canal.

The mobilization and deployment of the emergency force has been a model of rapid, effective action, which goes far to demonstrate the utility of an international police and the capacity of the United Nations to direct it.

The clearing of the canal, which was accomplished with exceptional efficiency and economy, reflected great credit upon the capacity of the Secretary General's staff for effective administrative management, even under emergency conditions.

We believe that the restoration of the status which existed under the general armistice of February 24, 1949, was a necessary preliminary step for an orderly determination of the rights of the parties. We note with satisfaction the decisive support of this policy by the Government of the United States. We urge that the United Nations also seek an authoritative determination of the question of the right of Israeli ships to innocent passage through the Suez Canal and the Strait of Tiran. In the probable event that Egypt and Israel are unable to agree upon submitting the issue to adjudication by the International Court of Justice, we believe that an application by the General Assembly or the Security Council for an advisory opinion would be appropriate.

Although restoration of order has been a necessary first step, we believe there must also be a major effort through procedures of peaceful change to adjust some of the continuing issues between Israel and her neighbors. In particular, we urge the United Nations and the Government of the United States to seek a permanent solution of the problem of the Palestine refugees in the Gaza strip and a final determination and recognition of the boundaries of Israel.

We favor a fair trial of Egypt's willingness to operate the canal in accordance with the principles of the Treaty of Constantinople (1888), as interpreted by the International Court of Justice. We also favor substantial economic assistance to Egypt in the development of the Nile, provided the Egyptian Government demonstrates a willingness:

(a) To satisfy the claims properly arising from expropriation of the Suez Canal,

(b) To respect the rights of Israel in the Suez Canal and the Gulf of Aqaba as determined by the International Court of Justice,

(c) To move in a reasonable spirit toward settlement of outstanding issues with Israel.

3. Hungary: We condemn the ruthless brutality of the Government of the U. S. S. R. in suppressing the political liberties and right of self-determination of the Hungarian people. Although the United Nations is unable to apply sanction to the U. S. S. R., it has justly condemned its conduct. We support every effort to unite the forces of world opinion against the conduct of the U. S. S. R.

4. North Africa: We urge the Government of France to discontinue its practice of frustrating discussion of north African problems in the United Nations. We believe it is in the best interests of France and of world peace to have a full airing of these problems in the United Nations. We believe that the effort of Egypt to poison the atmosphere of the entire Arab world should be exposed and condemned.

5. Kashmir: We urge the Government of India to refrain from any steps to integrate the Kashmir area into India until there has been an impartial plebiscite to determine the preferences of the inhabitants. To that end we urge a genuine effort to achieve demilitarization, if necessary by acceptance of a United Nations emergency force to patrol the area until the plebiscite has been taken.

6. Atomic energy—disarmament: We commend the efforts of those whose energy and devotion have produced the framework of the International Atomic Energy Agency. It is our conviction that the work of this Agency will be a positive contribution, not only to development of scientific, medical, and industrial uses of atomic energy for the benefit of mankind, but also to the solution of the problem of effective inspection to prevent misuse of fissionable materials. In this way it may mark a path toward atomic disarmament. We note also with satisfaction the apparent disposition of the powers represented in the United Nations Subcommittee on Disarmament to agree upon preliminary steps in a plan of progressive disarmament. Such agreement, even upon a modest scale, will help to establish the mutual confidence needed for more significant steps.

7. Technical assistance: We believe that the continued expansion of progress of technical assistance to underdeveloped countries is essential because of the obstacles to movements of private capital and the disruption of traditional foreign trade patterns. We consider the United Nations peculiarly fitted to undertake such work in that it can in a flexible manner draw upon the skills of many countries and can make continuing contributions without arousing fears of economic imperialism, distrust, or resentment. We therefore urge that increasing reliance be made upon the technical assistance programs of the United Nations. To that end we believe that it is desirable—

(a) To increase the funds available for technical assistance and economic development. The creation of the International Finance Corporation has been a useful step. We hope support will be given also to the establishment of the Special United Nations Fund for Economic Development.

(b) To implement the Secretary General's suggestions for training a permanent corps of international civil servants in administrative management who could assist nations lacking trained administrators in their national development program.

8. International trade: The success of the General Agreement on Tariffs and Trade (GATT) in providing a framework for negotiations to minimize trade barriers has demonstrated the utility of international organization for this purpose. To give permanent expression to the principles upon which GATT is based and to provide a regular system of consultation which will be a safeguard against any recurrence of the economic nationalism which aggravated the great depression, it is desirable to set up the proposed Organization for Trade Cooperation. We urge the Government of the United States to support this proposal.

9. Human rights: We welcome the resumption of consideration during the last Assembly of the draft Covenants on Human Rights, and the plan to conclude redrafting during the 12th Assembly. We urge the Government of the United States to reverse its position that it will not submit human rights covenants to the Senate for ratification.

10. Committee on Foreign Relations: We recommend adoption by the United States Senate of Senate Resolution 113 (85th Cong., 1st sess.), submitted by Senator HUBERT H. HUMPHREY and referred to the Committee on Rules and Administration, which calls for redesignation of the Senate Committee on Foreign Relations as the Committee on International Relations. We believe the proposed title better expresses spirit of reciprocal and mutual action of states and reflects also the growing importance of action through international agencies. A corresponding change in the names of the House Committee on Foreign Affairs and of the Department of State might appropriately be considered.

RESOLUTIONS COMMITTEE,
CHARLES MCLAUGHLIN, *Chairman.*
VERNIE WOLFSBERG,
DR. CLARENCE RIFE.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, without amendment:

S. 1730. A bill to implement a treaty and agreement with the Republic of Panama, and for other purposes (Rept. No. 479).

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GOLDWATER:

S. 2351. A bill for the relief of Kim Choi Sam; to the Committee on the Judiciary.

By Mr. NEUBERGER (for himself and Mr. MORSE):

S. 2352. A bill for the relief of Deanna Marie Greene (Okhe Kim); and

S. 2353. A bill for the relief of Charles Fredrick Canfield (Kim Yo Sep); to the Committee on the Judiciary.

(See the remarks of Mr. NEUBERGER when he introduced the above bills, which appear under a separate heading.)

By Mr. YARBOROUGH:

S. 2354. A bill for the relief of Mae Susan Parr (Mai Soon Bai); and

S. 2355. A bill for the relief of Frances Mary Jones (Kim Jung Sook); to the Committee on the Judiciary.

By Mr. POTTER (for himself and Mr. MCNAMARA):

S. 2356. A bill to authorize the Honorable Thomas J. McAllister, judge of the United States Court of Appeals, to accept and wear the decoration tendered him by the Government of France; to the Committee on Foreign Relations.

By Mr. SCOTT:

S. 2357. A bill to establish a Federal employees' health insurance program; to the Committee on Post Office and Civil Service.

By Mr. HRUSKA:

S. 2358. A bill for the relief of Julia Ann Ayars (Kim Jan Tark); to the Committee on the Judiciary.

By Mr. HAYDEN:

S. 2359. A bill to authorize the establishment of the Petrified Forest National Park, in the State of Arizona, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KERR:

S. 2360. A bill for the relief of Wayne Bryan McKinney (Cho Byung Oh); and

S. 2361. A bill for the relief of Kim Lynn Nix (Kim Kyoo Im); to the Committee on the Judiciary.

By Mr. ANDERSON:

S. 2362. A bill to exempt conveyances of real property by or to a State or local political subdivision from the documentary stamp tax; to the Committee on Finance.

By Mr. ALLOTT:

S. 2363. A bill to authorize the erection of a national monument symbolizing the ideals of democracy; to the Committee on Interior and Insular Affairs.

By Mr. BARRETT:

S. 2364. A bill for the relief of Antonious Nicholaos Kapranis; to the Committee on the Judiciary.

By Mr. CHURCH:

S. 2365. A bill to amend the Internal Revenue Code of 1954 to provide that no documentary stamp tax shall be imposed with respect to conveyances to which a State or political subdivision thereof is a party; to the Committee on Finance.

By Mr. POTTER:

S. J. Res. 108. Joint resolution to authorize the President to proclaim the week which includes July 4 as "National Safe Boating Week"; to the Committee on the Judiciary.

By Mr. BUTLER:

S. J. Res. 109. Joint resolution to authorize the sale of one Victory-type vessel for conversion to an ore and coal carrier for use on Great Lakes operations; and

S. J. Res. 110. Joint resolution to authorize the sale of a troopship of the C–4 type for conversion to a passenger and cargo carrier; to the Committee on Interstate and Foreign Commerce.

By Mr. SALTONSTALL:

S. J. Res. 111. Joint resolution to extend the time limit for the Secretary of Commerce to sell certain war-built vessels for utilization on essential trade routes 3 and 4; to the Committee on Interstate and Foreign Commerce.

REPORT OF UNITED NATIONS SPECIAL COMMITTEE ON HUNGARY

Mr. KNOWLAND. Mr. President, it has been 8 long months since the people of Hungary first took the control of their destiny out of the hands of the Communist rulers in their country. The United Nations Special Committee on Hungary has just reported a document of terror which is the most comprehensive and authentic indictment ever rendered against a ruthless and immoral government.

Mr. President, if the special report of the Special Committee on Hungary were not so completely documented, I would ask permission to have it inserted in the body of the RECORD. I would sincerely urge all Members of the Congress, both of the House of Representatives and the Senate, to obtain a copy of this report so that they might have a full understanding of the tragedy of Hungary which has, up to this point, been magnified by the inaction of the United Nations itself. I want to pay by personal tribute, and I am sure the tribute of all of my colleagues on both sides of the aisle, to the representatives of Australia, Ceylon, Denmark, Tunisia, and Uruguay who, in a unanimous report—and I underline the word unanimous—have performed a service in the cause of justice which will assure forever their place in the halls of international statesmanship.

Mr. President, as the Members of this body know, the United Nations, in its deliberations on the Hungarian revolution, passed 10 resolutions which were ignored and flouted by the Union of the Soviet Socialist Republics and its puppet Kadar regime in Hungary. With the evidence that has now been made public, and in the words of the special United Nations committee itself, "A massive armed intervention by one power on the territory of another, with the avowed intention of interfering with the internal affairs of the country must, by the Soviet's own definition of aggression, be a matter of international concern," the United Nations is now at one of its turning points in history, as a world that cries for peace with justice calls upon it for its decision.

In my judment the people of the United States and those of all other nations which are members of the United Nations, desire that the report of the special committee be given prompt consideration.

I hope it will not be delayed until the United Nations session next year, but, rather, that the United Nations General Assembly will be called into session to act on the report.

I am, therefore, on behalf of myself, and the senior Senator from Illinois [Mr. DOUGLAS], submitting, for appropriate reference, a concurrent resolution which will express the judgment of the Congress that the United Nations be convened in special session to consider its committee's report on the Hungarian revolution.

I will request the Foreign Relations Committee to give this concurrent resolution prompt consideration and approval, and I hope its unanimous report.

The PRESIDENT pro tempore. The concurrent resolution will be received and appropriately referred.

The concurrent resolution (S. Con. Res. 35), submitted by Mr. KNOWLAND (for himself and Mr. DOUGLAS), was received and referred to the Committee on Foreign Relations, as follows:

Senate Concurrent Resolution 35

Whereas the Special Committee on the Problem of Hungary, established by the General Assembly of the United Nations under its Resolution 1132 (XI) adopted at its 636th plenary meeting on January 10, 1957, has now submitted a report (A/3592) of its findings to the General Assembly under terms of the said resolution; and

Whereas it has been established by the said special committee:

That what took place in Hungary in the latter part of 1956 was a spontaneous national uprising caused by longstanding grievances engendered by the oppressive way of life under Communist rule and by the state of captivity of Hungary under control of the U. S. S. R.; and

Whereas the said special committee concludes that a massive armed intervention by one power on the territory of another with the avowed intention of interfering in its internal affairs must be a matter of international concern; and

Whereas the General Assembly of the United Nations, by its Resolution 1119 (XI) adopted at its 668th plenary meeting on March 8, 1957, authorized "the President of the General Assembly, in consultation with the Secretary General and with the member states the representatives of which are serving as the General Committee during the session to reconvene the General Assembly as necessary in order to consider further item 66 or 67," item 67 being the problem of Hungary:

Therefore it is the sense of the United States Congress that the United States Government instruct the United States delegation to the General Assembly of the United Nations to take urgent steps to recommend the reconvening of the General Assembly at this time to consider further the problem of Hungary in the light of the report of the United Nations' Special Committee on the Problem of Hungary.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KNOWLAND. Yes.

Mr. MORSE. I may say once again I find myself in accord with the distinguished minority leader on a foreign policy matter. I wish to say, as a colleague of his on the Foreign Relations Committee, I shall be associated with him in the effort he is making.

Mr. KNOWLAND. I thank the Senator for his support of the concurrent resolution.

STUDY OF CANADIAN FAMILY ALLOWANCES ACT AND ITS ADMINISTRATION

Mr. NEUBERGER. Mr. President, for nearly 12 years there has been in operation in Canada a family allowance program designed to make available more clothing, better and more wholesome foods, more medical care, and greater opportunities for cultural and educational advancement for the children of Canada who are under 16 years of age.

From personal observation and conversation and correspondence with Canadian officials and citizens, I am convinced that this program has been a great boon, not only for the children of Canada, but for all Canada. Increased milk consumption, greater production of children's shoes, rises in purchases of healthful foods are only a few of the visible benefits which can be traced directly to initiation of the family allowances program. Under this program both the child and the economy prosper.

During the 84th Congress, I submitted Senate Resolution 109 to create a special Senate committee to study family allowances plans, and particularly the Canadian Family Allowance Act, with a view to determining the advisability of such legislation for the United States. Today I resubmit my resolution. I am happy to be joined in sponsoring this legislation by the Senator from Minnesota [Mr. HUMPHREY], the Senator from Illinois [Mr. DOUGLAS], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Michigan [Mr. MCNAMARA]. A similar resolution is being submitted in the House of Representatives by Representative CHARLES O. PORTER of Oregon.

Recent events in Canada, Mr. President, have impelled me again to sponsor at this time this resolution for a study of Canada's experiment with family allowances.

To begin with, the Canadian Parliament this year increased the monthly payment provided for under the family allowances system. This increase was not controversial and was supported by all major political parties in Canada.

Under Canada's family allowances plan, as amended, regular monthly payments of $6 for each child under 10 years of age and $8 for each child 10 to 15 years old are made to the child's mother or legal guardian. Canadian law requires only that the money be spent for "the health and welfare of the child."

Secondly, family allowances were in no sense an issue in the Canadian election held earlier this month, because family allowances were indorsed by the Liberals, by the Conservatives, by the CCF—indeed, by every party fielding candidates for seats in the House of Commons. I think this is significant proof of the success of the program.

On top of all this, Canada has been enjoying an unprecedented prosperity. It is the most attractive spot in the world for wealthy American investors. It has made vast gains in population, national income and sources of wealth. The Canadian dollar is now worth $1.05 in relation to the American dollar. Orthodox economists in the United States cite Canada as an example to follow in balancing our budget and retiring our debt. And, during all this period of prosperity, Canada has supported an extensive system of family allowances.

Furthermore, Mr. President, our present national budget which is such an object of controversy contains huge subsidies for airlines and steamship operators, for various farm crops such as corn and cotton and tobacco, for private utility companies in the form of fast tax writeoffs, for certain postal users, for all sorts of special-interest groups. In view of these facts, I am not ashamed to suggest that we of the Senate study Canada's experiment with a subsidy for the most important and precious resource that any nation can possess—namely, its children.

It is my belief that a family allowances program in the United States would have a favorable impact on the health, happiness, and welfare of the nation's children, and I therefore again urge the adoption of my resolution, so that a committee of the Senate may undertake a careful study of Canada's record of operation and management of its family allowances program, thus providing the people of the United States with a sound basis on which to determine how and when they may wish to adopt for themselves and their children the benefits of family allowances.

Mr. President, I ask unanimous consent that my resolution be printed in the RECORD, together with my article in the May 1957 issue of America in which I discuss family allowances and their application in the United States.

The PRESIDENT pro tempore. The resolution will be received and appropriately referred; and, without objection, the article will be printed in the RECORD.

The resolution (S. Res. 149), submitted by Mr. NEUBERGER (for himself and other Senators), was received and referred to the Committee on Labor and Public Welfare, as follows:

Whereas there are now more births each year in the United States then ever before in American history; and

Whereas it is in the best interest of this Nation that its children be adequately provided with the necessities of life in order that they may develop into strong, healthy, well-educated and useful citizens; and

Whereas our good neighbor, Canada, this year is marking the 12th year of an enlightened social experiment known as family allowances, which was adopted originally to promote the well-being of its children; and

Whereas the Canadian family allowances program is reported to have had a favorable effect upon infant mortality, child health, juvenile delinquency and the general welfare of children in that country; and

Whereas the welfare and well-being of the millions of children in the United States call for careful study and examination of the operation and the effectiveness of the family allowances program in Canada: Therefore be it

Resolved, That a special committee of five Senators, to be appointed by the President of the Senate, is authorized and directed to make a full and complete inquiry and study of the Canadian Family Allowances Act and its administration, with a view to determining the advisability of instituting a similar system of family allowances for the promotion of health, development, and well-being of children in the United States. The committee shall report to the Senate, as soon as practicable, the results of its inquiry and study, together with its recommendations, if any, for appropriate legislation.

SEC. 2. (a) The committee is authorized to sit and act at such places and times during the sessions, recess, and adjourned periods of the Senate, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable.

(b) The committee is empowered to appoint and fix the compensation of such experts, consultants, and clerical and stenographic assistants as it deems necessary.

(c) The expenses of the committee, which shall not exceed $26,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the committee.

The article presented by Mr. NEUBERGER is as follows:

[From America of May 11, 1957]

FAMILY ALLOWANCES

(By Senator RICHARD L. NEUBERGER)

Within the next few weeks I intend to offer again my resolution in the Senate for a full-scale study of Canada's program of family allowances. When I offered such a proposal in the summer of 1955, it was the first time that legislation dealing with family allowances ever had been presented in either Chamber of our Congress. I felt it was long overdue. I still think so. Cosponsors of the family-allowances resolution were Senators Paul H. Douglas of Illinois, Herbert H. Lehman of New York, John F. Kennedy of Massachusetts, Wayne Morse of Oregon, Hubert H. Humphrey of Minnesota, Estes Kefauver of Tennessee, and Patrick V. McNamara of Michigan.

EXAMPLE OF CANADA

It is my hope that a careful and thorough analysis by a Senate committee of Canada's highly successful experiment with family allowances—an experiment now nearly a dozen years old—will convince the United States that it no longer should be virtually the only nation of the Free World without some form of governmental assistance to the families who are carrying the major burden of raising the next generation.

I know that a question will inevitably be raised, in view of our present record peacetime budget of $72 billion. People will wonder how I can offer a resolution to study a welfare program that costs some $397 million in Canada and would cost approximately $3.9 billion if applied to the far larger population of the United States. Yet certain aspects of the 1958 budget must be understood, and one of these is the fact that its expenditures per capita are less than those for a good many earlier years.

Furthermore, a New York Times breakdown of the budget has shown that such items as national defense, overseas aid, veterans' benefits, and interest on the public debt absorb 80 percent of the total budget. By contrast less than 5 percent of it is assigned to items broadly classified as labor and welfare.

I believe strongly in adequate defenses, of which foreign aid is a legitimate part. But I fear that growing disillusionment will sweep our country if to pay for both overseas assistance and our Military Establishment we deny the American people needed programs in the field of education, natural resources, public health and general welfare.

Here is how I look at family allowances. A good part of our foreign-aid expenditures in the military field goes to countries that have some form of governmental aid to families with young children—the Scandinavian nations, France, Italy and others. I do not begrudge this. Such expenditures serve to strengthen our allies in the constant war against communism.

Yet it is ironic that the United States, a land whose children must forego family allowances because of the huge Federal budget and debt, is providing financial assistance to nations where family allowances are an accepted part of the social structure. This anomaly will not be tolerated indefinitely by the American people.

I have no doubt that Treasury Secretary Humphrey's theory of economics pretty rigidly excludes any such welfare program as family allowances. It does not exclude, I might add, the 27.5-percent depletion allowance which practically exempts so many big oil companies from income taxes, nor does it rule out the accelerated tax writeoffs that have been such a bonanza to private utility companies and similar corporations. It does not even militate against the subsidies which go to airlines, steamship lines and other carriers in connection with mail contracts. Yet subsidies for children would in the long run do more good to the United States and the rest of mankind than subsidies to immense business combines.

The Humphrey theory of economics is not the only one, of course. Some economists believe that the spending of money by consumers helps to keep a Nation prosperous. Prof. Sumner H. Slichter, of Harvard, wrote in the New York Times for March 22: "Certainly one procedure that will not solve the problem of inflation is encouraging people to spend less than is needed to maintain full employment. That would merely substitute the problem of unemployment for the problem of slowly rising prices."

Every study made in Canada has demonstrated that the bulk of family-allowance funds soon find their way into channels of trade and business. In 1951, after family allowances had been distributed for 6 years, researchers at Laval University in Quebec discovered that the allowances had been used most frequently for the following purposes.:

1. Children's clothing.

2. Insurance policies and annuities for children.

3. Medical care and medicines for children.

4. More nutritious food for children.

5. Children's savings accounts in banks and other savings institutions.

6. Toys and amusement for children.

Family allowances require about 8 percent of the total budget of the National Government of Canada. This is a substantial proportion. It exceeds by 3 percent the proportion of the United States budget that goes to all labor and welfare matters. It likewise exceeds by exactly 3 percent the proportion of our Federal budget that a program of family allowances would constitute, should our Congress enact legislation patterned precisely after the Canadian plan.

Has this had an adverse impact on the Canadian economy? Has it made the investing of money in Canada less attractive to those rugged individualists south of the international boundary who describe disdainfully as a handout any proposal for family allowances in this country?

Last January the English quarterly Lloyds Bank Review gave this advice to prospective investors:

"Canada is booming. * * * The relative importance of American capital is increasing all the time. Over the past 7 years, it has accounted for more than 80 percent of the increase in the book value of all foreign investments in Canada. In 1954, some 60 percent of the American capital—$5.7 billion—was the direct investment of American companies in Canadian business."

In other words, during the very period when family allowances have been in the process of adaptation to Canada's social-welfare program, hardheaded American businessmen have been hurrying to invest an unprecedented amount of their funds in Canadian enterprises.

This, of course, does not prove that family allowances have anything to do with Canada's attractiveness for American investors. It does most definitely prove, however, that family allowances are in no degree the deterrent to free enterprise that some American critics seem to think.

HOW IT LOOKS TO CANADIANS

What do Canadians themselves think of the Government checks which are mailed on the 20th day of each month to mothers or principal guardians of Canadian boys and girls?

I was serving in the Yukon Territory with the American troops building the great Alcan Highway to Fairbanks when such men as the then Prime Minister Mackenzie King, Father Léon Lebel, and Prof. Leonard Marsh were discussing the idea of family allowances. Canadians confessed to me their skepticism. This was particularly true of families who felt they could raise their children without a sop from Ottawa. A Gallup poll in 1943 showed that slightly less than 50 percent of Canadians favored the proposal. Many of the opponents were vocal and vehement.

Between the end of World War II in 1945 and my election to the United States Senate in 1954, my wife and I returned to Canada each year to gather material for books and articles. We talked with literally hundreds of Canadians—with Indians and Eskimos, Hudson's Bay Co. factors, Catholic, and Anglican missionaries, members of Parliament, train conductors, mounted police officers, utility executives, fishermen, nurses, teachers. We saw opposition to family allowances slowly but steadily wane, even on the part of our most conservative Canadian friends.

A 1950 Gallup poll showed 90 percent of the people of Canada in favor of family allowances. There has been no serious criticism of the program in Parliament for almost a decade. All the major political parties today accept the program as a worthwhile feature of the country's national life.

Whenever I address a meeting on the topic of family allowances, some member of the audience is sure to charge that such a program would sap individual initiative. That this has not occurred in Canada seems to make no difference to the complainants. Many American leaders of big business frequently point to Canada as an example of a nation with a balanced budget and a sound dollar. And what of the long experience of other lands with family allowances? What country resisted Soviet aggression more heroically, for example, than did little Finland in the cold and bitter winter fighting of 1939? Government payment to every Finnish family with a child younger than 16 does not appear to have weakened the vitality of this hardy northern people.

GILT-EDGED INVESTMENT

My legislative proposals concerning family allowances are occasionally criticized as offering an undue reward to families with large numbers of children. To this there is an abundance of answers.

To begin with, children, whether in large or small families, are the hope of our nation and of the world. It is essential that they have adequate diet, warm clothing, competent medical and dental care, sound schooling, development of their natural talents and a valid opportunity for fun and for personal happiness. Why should a child in a large family be penalized?

Secondly, the Bureau of the Census has disclosed that about 33 percent of the individuals in the Nation's total civilian labor force are rearing over 90 percent of the children under 18 years of age. Thus the next generation of Americans is being reared largely upon the earnings of only one-third of the population. What is wrong with using a progressive system of taxation to help spread this burden somewhat more equitably?

In addition, the United States has long ago established the basic principle of granting at least indirect aid to families with large numbers of children. This was done when the Federal income-tax laws first allowed extra exemptions for each dependent.

Few questions are asked of me more frequently than why I do not try to accomplish my goal through increased income-tax deductions for dependents, rather than through a complicated governmental system of family allowances.

The inquiry is a logical one. I can understand the reasoning behind it. Yet, to me, there are two unanswerable replies:

1. The increasing of exemptions would be disproportionately beneficial to those in the upper-income brackets, as compared with low-income families, whose children probably require assistance the most.

2. The increasing of exemptions would put no pressure or moral suasion on a family to spend the additional money for the special benefit of the children. It merely would be another tax reduction, and the savings might be spent on an automobile, fishing tackle, golf-club dues, or anything else. Under a program of family allowances, by contrast, the payments are by law made for the direct benefit of the health and welfare of the child.

The latter point deserves amplification. If a general tax reduction takes place, no particular advantage accrues to children. They may indeed share in some of the bounty; but it is, at most, a very general and across-the-board sharing. Family allowances, on the other hand, are pinpointed for the express benefit of the children to whom they are assigned. There is a real difference.

NEW DAY FOR CANADA'S CHILDREN

During the first year that family allowances were in force, infant mortality in Canada dropped from 51 to 47 per 1,000 births—a most heartening and welcome development. In the same period, the monthly production of children's shoes soared from 762,000 pairs to 1.18 million pairs, a prodigious increase of over 54 percent.

On the streets of Edmonton, Mrs. Neuberger and I have seen long lines of mothers and children waiting to purchase shoes a day or so after the monthly family-allowances check was due in each household. Traders at remote wilderness outposts told us there had been no real demand for Pablum or vitamins until family allowances went into effect. The number of Canadian doctors specializing in pediatrics has multiplied many times since the system was adopted.

At the British Columbia community of Revelstoke, in the heart of the towering Selkirk Mountains, I met a Canadian Pacific locomotive engineer. He and his attractive wife had five young children. Their first few family-allowances payments each year were used to finance a thorough medical and dental checkup at a local clinic for all five children. Several potentially serious difficulties had thus been detected in ample time.

Would the engineer and his wife have undertaken such an expenditure if they had received merely a tax reduction? Would the reduction have carried with it the compulsion to do something specifically for the children, as is the case with family allowances?

Every year 4 million babies are born in the United States. A program of family allowances would be an annual investment by the Government of $3.9 billion in the health, happiness, and security of these babies, at least until their 16th birthdays. What subsidy—and I am not afraid to use the word—could be more justifiable? After all, millions of veterans received a subsidy under the GI bill of rights. Railroads received fabulous subsidies in rich land grants along their western rights-of-way. Airlines and merchant shipping are still subsidized as mail carriers. Farmers get soil-bank payments and price-support loans. Many newspapers, magazines and book publishers enjoy mailing privileges.

I am not criticizing these subsidies. They are part of our way of life. The $5-billion agricultural budget has come in for relatively scant questioning. Our rural economy desperately needs bolstering. But since we almost automatically provide subsidies for so many segments of our population, can anybody seriously argue that it is unwise or inadvisable to extend this policy to our most precious resource of all—our children?

There is not the slightest doubt in my mind that the United States will eventually join the long roster of free nations that support some form of family allowances. I am not irrevocably wedded to the precise form that the American system of family allowances will take. I merely hope that those in charge of our governmental decisions can keep in mind a couplet from the poem which was Lincoln's favorite, "The Present Crisis" by James Russell Lowell:

New occasions teach new duties
Time makes ancient good uncouth.

REVIEW OF GRANTING OF TAX AMORTIZATION CERTIFICATES FOR ACCELERATED DEPRECIATION

Mr. CASE of South Dakota submitted the following resolution, which was referred, as indicated:

S. Res. 150. Resolution favoring a review of the granting of tax amortization certificates for accelerated depreciation; to the Committee on Finance.

(See the remarks of Mr. CASE of South Dakota when he submitted the above resolution, which appear under a separate heading.)

RELIEF OF CERTAIN IMMIGRANT ORPHANS

Mr. NEUBERGER. Mr. President, I recently received a petition sent to me by George Vanaman, of 420 East 31st Street, Eugene, Oreg., and signed by 149 students of Roosevelt Junior High School of Eugene, strongly urging the passage of legislation similar to my bill to admit to the United States 10,000 orphan children who have been or will be adopted by American families. These children cannot now enter the United States unless general orphan legislation is enacted or unless private legislation is passed in each specific case.

I was indeed pleased that the chairman of the Senate Immigration Subcommittee and the Senate Judiciary Committee [Mr. EASTLAND] yesterday advised the Senate that our proposed legislation relating to orphans will soon be on the Senate Calendar and that he favors such legislation. This is certainly good news to the parents who are encountering such difficulties in bringing their adopted children to the United States.

Mr. President, on behalf of myself and my colleague, the senior Senator from Oregon [Mr. MORSE], I introduce, for reference to the appropriate committee, two additional private bills so that these adopted children will be permitted to enter the United States and join their parents. I ask unanimous consent that the fine, humanitarian petition of the students of Roosevelt Junior High School be printed in the RECORD.

The PRESIDENT pro tempore. The bills will be received and appropriately referred; and, without objection, the petition without the signatures attached, will be printed in the RECORD.

The bills, introduced by Mr. NEUBERGER (for himself and Mr. MORSE), were received, read twice by their titles, and referred to the Committee on the Judiciary, as follows:

S. 2352. A bill for the relief of Deanna Marie Greene (Okhe Kim); and

S. 2353. A bill for the relief of Charles Frederick Canfield (Kim Yo Sep).

The petition presented by Mr. NEUBERGER is as follows:

JUNE 11, 1957.

To the Honorable RICHARD L. NEUBERGER:

We, the undersigned students of Roosevelt Junior High School of Eugene, Oreg., believe the following to be true:

1. The United States has a definite responsibility toward the illegitimate and orphaned children of American servicemen in foreign countries.

2. These children in most cases are not accepted by the people of their own countries.

3. Many of these children will starve, and most will not receive adequate education, if any at all.

4. Some of these children that the orphanages will not find will die of diseases because they will have to get their food from garbage cans and will have to sleep in the streets and gutters.

5. Such men as Harry Holt are doing an excellent work of charity, while at the same time filling an obligation which our entire country owes.

Believing this to be true and for other unlisted reasons we strongly urge the passage of pending legislation which would permit the entry of 10,000 orphans of 12 years of age and younger into this country in the next 10 years.

(Signed by George Vanaman, and 148 other students of Roosevelt Junior High School, Eugene, Oreg.)

DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1958—AMENDMENT

Mr. MORSE (for himself, Mr. MANSFIELD, Mr. MURRAY, Mr. NEUBERGER, and Mr. JACKSON) submitted an amendment, intended to be proposed by them, jointly, to the bill (H. R. 5189) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1958, and for other purposes, which was ordered to lie on the table and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. MORSE:

Address delivered by Senator CLARK, of Pennsylvania, on May 1, 1957, at mid-Atlantic regional conference, the President's Committee on Education Beyond the High School.

NOTICE OF CONSIDERATION OF A NOMINATION BY THE COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, the Committee on Foreign Relations received today the nomination of Neil H. Jacoby, of California, to be the representative of the United States of America on the Economic and Social Council of the United Nations, vice John C. Baker, resigned.

Notice is given that the nomination will be eligible for consideration by the Committee on Foreign Relations at the expiration of 6 days, in accordance with the committee rule.

EXCESSIVE OIL IMPORTS

Mr. JOHNSON of Texas. Mr. President, I was informed yesterday that the Texas Railroad Commission had to cut the oil allowable by 390,000 barrels a day.

This is a tremendous blow to our independent oil producers. It means that since the Suez Canal has been reopened, their production has been cut 700,000 barrels a day.

And meanwhile, oil imports have reached the level of 1,700,000 barrels a day.

Mr. President, the situation for our independent producers has become a one-way street leading to oblivion.

When the Suez Canal was shut down, they were asked to increase production. The Texas Railroad Commission responded by raising the allowable 400,000 barrels a day without regard to normal procedures.

Now that the crisis is over, they have been left in the lurch. There is clear authority to handle this situation, and it is time that cooperation again become a two-way street.

Mr. President, I am hopeful that action taken recently by the Office of Defense Mobilization will expedite a decision by the President under the authority of the Reciprocal Trade Agreements Act. Such a decision is long overdue, and I call upon the Executive to administer the law, and utilize the authority given to him, to correct the terrible situation to which I have called attention.

I ask unanimous consent that there be printed in the RECORD following my statement an article from the Wall Street Journal of yesterday relating to this matter.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TEXAS BOARD CUTS STATE'S JULY OIL OUTPUT RATE 390,449 BARRELS A DAY—IT SETS 13-DAY OPERATION, DOWN FROM 15 IN JUNE—ONE COMMISSIONER OPPOSED

AUSTIN, TEX.—Heeding pleas by both purchasers and producers of oils, the Texas Railroad Commission reduced the State's permitted production for July by 390,449 barrels a day from the June 15 level and nearly 800,000 barrels below the record high reached during the last week of March.

Next month's proration order calls for 3,027,786 barrels daily average crude oil output. This compares with 3,418,235 barrels daily for the week ended June 15 and the record 3,821,426 barrels in the final week of March, when oil demand from Europe was high because of the Middle East crisis.

The July order will allow only 13 days' flow in the 31-day month. The June schedule is 15 days.

Howard-Glasscock field in west Texas, formerly exempt from shutdown, will be restricted to 23 days in July. Six-day production was ordered for two other west Texas pools, the Headlee (Devonian) and the Dora Roberts.

Commission Chairman Olin Culberson, absent from the statewide hearing, wrote that he objected to any reduction below 15 days monthly. He said other States have not borne their proportionate share of production cuts and that a further reduction would have a serious and adverse effect upon State government finances in Texas.

Texas collects nearly 13 cents a barrel in tax on oil production, making this a principal source of State income. Reductions ordered since March will trim tax revenues at a rate of nearly $30 million annually.

Commissioners Ernest O. Thompson and William J. Murray, Jr., issued the order for a July cut. Witnesses from both producing and refining segments of the industry called for this as the only course to avoid more serious problems of oversupply later.

Imports plus the effort to supply Europe with oil during the Suez crisis were blamed for the domestic industry's present plight.

Webb Walker, Jr., representing Fort Worth independent operators, drew laughter with a statement: "It is our belief that the President will act soon to limit imports."

"Belief or hope?" interrupted Commissioner Murray.

"Both," replied Mr. Walker.

Presidents of four Texas producers' associations, after the hearing, sent a telegram to Senator JOSEPH C. O'MAHONEY, Democrat, Wyoming, chairman of the Senate subcommittee investigating the oil industry, urging action to limit imports of foreign oil.

The telegram said the 13-day production schedule for July is an "unprecedented low,

thereby placing in jeopardy thousands of independent producers and undermining national security." The action, it stated, "underscores the fact that imports now supplant domestic production, making the United States dependent on unreliable foreign oil. It amplifies the urgency for immediate action for curtailment of excessive imports."

Mr. JOHNSON of Texas subsequently said: Mr. President, for some time I have maintained close touch with the Office of Defense Mobilization on the question of the excessive oil imports which threaten our domestic producers.

Since I made my statement earlier today, ODM Director Gordon Gray has assured me that action is under way. I hope that it will be followed through.

Mr. Gray advised me that the President is in agreement with his preliminary findings that there is reasonable ground to believe that excessive oil imports are threatening the national security.

Mr. Gray also said that the President indicated he was ready to initiate the investigation under section 7 of the Reciprocal Trade Agreements Act. Such an investigation is a necessary preliminary to action.

The President has also asked Mr. Gray to explore the feasibility of making voluntary arrangements which will help solve the situation, if he concludes that import reductions are necessary.

Mr. President, it is good news that action is under way. I have already discussed some of the latest developments which threaten our domestic producers.

The ODM Director assures me that he is taking expeditious action. I hope that a conclusion will not be too long delayed.

SVENSKARNAS DAG CELEBRATION

Mr. THYE. Mr. President, on Sunday, June 23, thousands of Swedish Americans in the Twin Cities area of my State of Minnesota will gather for the annual observation of Svenskarnas Dag, or Swedes Day.

Last weekend it was my pleasure to join with our Swedish friends in the Duluth area in observation of this midsummer eve festival. I am sorry I will not be able to be present for the festivities in Minneapolis on Sunday; but I am pleased that my friend and colleague, the able senior Senator from Washington [Mr. MAGNUSON], will be the speaker of the day. Senator MAGNUSON is a native of our State; he was born in Moorhead, Minn. I know he will enjoy returning to Minnesota for this occasion, and I know he will be well received in traditional Minnesota Scandinavian hospitality.

Svenskarnas Dag originated in Sweden more than 1,000 years ago. Originally it was the celebration of the end of the cold winter, long nights, and the accompanying hardships, and the return to long, warm summer days and an easier way of life. This year, as the people of Sweden again prepare to celebrate this midsummer eve festival, they will rejoice in more than the warmth and brightness of summer. They will be celebrating their freedom, a democratic way of life, and one of the highest standards of living in the world today. Our Minnesota Scandinavians speak with pride of the remarkable economic and social progress in Sweden. They also are proud to say that for more than 500 years, the ordinary people of Sweden have had a real voice in their government.

I also know, from conversations with people from Sweden, that they are proud of the close and friendly association of their nation with the United States. I know they are particularly proud of the great contributions which men and women of Swedish descent have made toward the development of our own great Nation. People of this type came to Minnesota years ago, and dedicated themselves to the transformation of a wilderness into a vigorous and prosperous State. All this has been done in less than 100 years.

We must not forget that Sweden was the first nation, not engaged in the Revolutionary War, which recognized the independence and equality of the United States. A Swede, John Hanson, was the first President of the United States in Congress assembled. It is also worthy of note that one of the very first permanent settlements in this country was a colony of Swedes on the shores of Delaware.

We can observe the leadership of Sweden in world affairs through the work of Dag Hammarskjold, as Secretary General of the United Nations. It is this type of sensitivity to changing world conditions which sets Sweden apart as a nation dedicated to the cause of freedom and independence.

Mr. President, these are some of the reasons why Svenskarnas Dag means so much to the people of Minnesota.

WE'VE BEEN EISENHOWERED

Mr. MORSE. Mr. President, there are times when I truly regret our self-restraint in prohibiting photographic reproductions in the RECORD. This is one such time. In the Central Oregonian, of June 13, 1957, this Prineville, Oreg., newspaper had on its front page a news picture which in capsule form epitomizes what so many of us have been saying for so long. The scene is a cafe which has just gone out of business. The laconic explanation is lettered on the front window. The simple stark sentence reads: "We've been Eisenhowered."

Mr. President, since the photograph cannot be reproduced in the CONGRESSIONAL RECORD, I ask unanimous consent that the caption of the photograph be printed at this point in the RECORD, in connection with my remarks. It reads as follows:

We've been Eisenhowered, points out Davey Pinkston as he waves the white flag of surrender after closing the doors on his cafe business last week. The Republican administration's tight money policy, which is being blamed for the current lumber recession, is also blamed by Pinkston for his troubles. "What's good for General Motors wasn't good enough for me," said Davey, who predicts there won't be enough Republicans left in office to make it worth while counting them when the 1958 election is over.

ECONOMIC SLUMP IN OREGON

Mr. MORSE. Mr. President, I have talked at some length on the slump that is stalking the economy of the State of Oregon. Anyone who doubts that the housing industry is in bad shape should read some recent articles by William Dean, which were published in the Eugene (Oreg.) Register Guard.

I ask unanimous consent that these articles be inserted in the body of the RECORD.

I want to say I am indebted to William Dean for the very fine reporting job he has done. I also wish to say I have talked in recent days to a number of Oregon businessmen who have come to Washington to express their great concern about the exceedingly serious recession which has struck the economy of Oregon. They point out—and most of them are Republicans, I may say—that the fiscal and economic policies of the Eisenhower administration, as epitomized by the big-business attitude of Secretary of the Treasury Humphrey, in connection with his tight-money policy and high-interest policy, are doing great damage to the economy of our State and great damage particularly to the bellwether of the economy of our State—the lumber industry.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

TIGHT MONEY DID IT: LUMBER'S BOOM TURNS TO GLOOM

(EDITOR'S NOTE—The state of the Nation's housing industry determines to a large extent the condition of the Emerald Empire's economy. In the last year, there have been some drastic changes and much confusion over the condition of housing, the causes and the solutions. This is the first of a series which will attempt to explain some of the factors involved.)

(By William Dean)

Look around your own neighborhood. Probably, you'll find someone who is out of work, or is getting only a short shift, or whose business isn't quite as good as he thinks it should be.

It may be you.

There are a number of reasons for this—but ask most any lumber producer or seller, real-estate man or builder, and he'll give it to you in two words: "Tight money."

This doesn't mean that the dollar bill is any more giddy than usual as a medium of exchange. This two-word phrase has become the symbol of the jagged rock on which nearly 8 out of every 10 of us saw our hopes for a sustained boom flounder early in 1956. In the year since these two words first came into public use they have been blamed for everything but the common cold.

BEHIND THE DITTY

Behind these 10 letters there are unspoken volumes about national policy, economics, astute politics and the future health of the lumber industry, as well as of the Nation's second largest industry: home construction. Many of these volumes, however, have little to do with the Federal Reserve Board's tight-fisted money policy.

In the last 2 weeks, lumber producers from this area have been getting a concentrated lesson in what that catch-all, two-word ditty really encompasses. At a meeting a week ago of the Western Forest Industries Association in Vancouver, British Columbia, and of another meeting last week of the West Coast Lumbermen's Association in Portland they were told that there are about as many

ramifications to what is going on in the housing business as a bandsaw has teeth.

Every one of these ramifications has had some effect on home construction. In 1955 home building was at an all-time high of 1,350,000 starts. Lumbermen couldn't seem to satisfy the demand for forest products. Mortgage credit was free and easy.

In fact, it may have been too free and easy. The Federal Reserve Board, keeping a sharp eye on the state of the economy, foresaw a burgeoning inflation and clamped on some controls. The Board, through its regional banks, began charging more for the money it loaned to member banks. It became less easy for homebuilders to get credit and financing.

INVESTMENT INFLATION

However, the financing controls did not slow down the accumulation of consumer credit, nor the "investment inflation"—the pouring of additional millions of dollars into business and industrial expansion.

At the same time, the industry itself apparently underwent a change. There was a shift from many relatively low-cost units to fewer, more expensive houses.

Early in 1956, lumber and plywood producers watched housing starts slide off their peak. Less than 1,100,000 new houses were started during the year. Lumber demand skidded downward almost in pace with the new starts. By the beginning of 1957 the monthly lumber production rate was anywhere from 7 to 10 percent below the 5-year average.

Stated another way, the loss of 200,000 houses meant a loss in demand for forest products of almost twice the annual production of all of Lane County's mills.

Western producers scrambled to hold on to their markets and to develop new ones to cushion the drop. Just how hard a blow it was depends largely on individual circumstances and how well the lumber sales organizations scrambled.

LUMBER PRICES SKID

More seriously for most western Oregon mills was the sharp drop in lumber prices. Buyers, who found the industry geared up nationwide to supply the needs developed during a 10-year boom of the construction industry, began to dicker.

By mid-March, 1957, when industry market analysts finally began to see a consistent upward flicker in western lumber prices and demand, the average of all the Northwest's major species was $13.19 below the same period last year. Plywood was correspondingly lower priced. The average for green fir lumber, western Oregon's mainstay, was down an even $14.

In many cases, these prices meant that the value of the product had been squeezed down so close to the cost of timber that there was little left in between for logging and milling costs, let alone for profit.

The result was a general cutback in production during 1956, and probably during most of 1957. This is why there is probably someone in your neighborhood, perhaps even yourself, who has had a pretty lean time of it. Men were laid off. In many cases the mills have been able to soften the shock to individual employees by working shifts on alternate weeks, giving each man 1 week of work out of every 2 or so, or by cutting back from 5- to 4-day weeks.

SOME ENCOURAGING SIGNS

The picture is not all bleak. In fact, there are some encouraging signs for the near future, despite predictions that home construction this year will be down around 1 million or even less. Almost everyone says there will be a great year dawning about 1958 or 1959.

But in view of what happened last year, it's no wonder that ears prick up whenever there is mention of the magic but loosely used words "tight money."

HIGHER INTEREST RATES FOR BUSINESS LOANS; CONSUMER CREDIT ATTACTS CAPITAL—COMPETITION FOR MONEY, NOT LACK OF IT, HURTS HOUSING INDUSTRY

(EDITOR'S NOTE.—The state of the Nation's housing industry determines to a large extent the condition of the Emerald Empire's economy. In the last year there have been some drastic changes and much confusion over the condition of housing, the causes and the solutions. This is the second of a series which will attempt to explain some of the factors involved.)

(By William Dean)

Anyone who has bought a house knows that real-estate men and loan officers have a lingo all their own.

Sometimes this baffiegab would seem to have little point other than to confuse the purchaser. But this is only a grammar-school version of the pidgin English used upstairs in the money market.

And that is exactly what it is, a money market. Greenbacks, securities, mortgages are merely commodities that some people sell in the same way many of us sell lumber, beets, or gasoline.

Recent events in this particular commodity market have a lot to do with what has happened to the home construction industry of the Nation—as well as to our own local lumber industry. This money market is a highly refined world of paper, discounts, points and careful dealing in dollars to make dollars. The uninitiated can wander through it in complete bewilderment and pick up only a pointer here and there; a familiar, ordinary word like rent.

RENT A KEYSTONE

Rent seems to be one of the keystones to what is wrong with the housing business. Rent is what you pay a landlord for one of his houses, or for the use of some equipment that you are not able to buy outright. It's also what you pay if you want to use some other guy's money.

Right now money rent is one of the key topics among builders, lenders, a unique creature called Fannie May, and a host of others, including politicians.

One of the big problems of the housing business today is that money is like any other free commodity—it goes to the highest bidder—the one who can pay the most rent. And today the highest bidders are the businesses and industries who can borrow for expansion and charge off part of the cost through taxes. House builders are limited on their Government-backed financing to a rate of rent which is below the starting bid of most business loans—and they are limited by the nature of the market and some other factors to the amount that can be paid in rent on the so-called conventional loans.

COMPETITION COUNTS

This competition for money, more than any actual shortage of it, has turned a lot of capital from house construction, which will pay rates from 4½ to 6½ percent, to business loans at 8 percent or consumer credit financing with interest rates of 12 percent.

Actually, there is more money in circulation now than there was a year ago. It just seems as though there is less money because the demand is so great, Hermann N. Mangels, president of the Federal Reserve Bank of San Francisco, told the West Coast Lumbermen's Association last week. Mangels said that it would be possible for "The Fed" to allow more money to circulate but that if this were done without a corresponding increase in production, the result would be a pyramiding inflation.

Another view of essentially the same problem was stated by Nels Severin, a vice president of the National Association of Home Builders. Severin told the Western Forest Industries Association convention week before last that he usually builds 500 houses a year in his area in southern California. This year, he said, he has 21 houses under construction because of the difficulty of obtaining financing.

"I'm not nearly as concerned with inflation today," Severin said, "as I am with deflation. My business is deflating."

Severin's group—which is made up of builders as well as manufacturers of such items as toilets and doorknobs—has been critical of the effect of credit restrictions on home financing at a time when consumer credit and industrial expansion are allowed to run unfettered.

"It's absurd to consider our tight money policy as though it stands by itself. Our monetary policy goes off in one direction to curb inflation and causes a deflation in the home building industry. On the other hand, our tax policy encourages business spending rather than saving," Severin said.

He said that business investments in plants and facilities rose 48 percent during 1956 while the light construction industry fell off 29 percent.

"If the administration were sympathetic with our problems," he said, "we could get some of this money channeled down to us rather than into industrial expansion."

FANNIE MAY

One way Severin would take to channel money into the housing industry is to beef up the activities of Fannie May. This is formally known as the Federal National Mortgage Association and is part of the Housing and Home Finance Agency of the Federal Government. It operates as a central mortgage bank, buying mortgages where and when money is scarce and selling them where money is more plentiful.

Although Fannie May can buy only the GI and FHA guaranteed mortgages (about 40 percent of the Nation's total house-mortgage debt), Severin and others feel that stronger purchases by Fannie May could contribute greatly to the health of the house construction industry.

Paul Akin, western manager for Fannie May, told the WFIA group that the purpose of his organization is to do just that by providing some liquidity in the mortgage market.

"Capital is scarce in the West because this is a relatively new region," he said. "We buy mortgages more heavily in this area than in most parts of the Nation and attempt to resell them in the East and New England States where there actually is something of a surplus."

IN NEW ENGLAND

As an illustration of the differences between the capitalization of the West and the East, Akin pointed out that the GI home loan program, which ground to a halt in most parts of the Nation a year ago, is still functioning in New England.

"We want to have a sustaining and leveling effect on the mortgage market," Akin said, "but we operate only when it is clear that we must."

It became clear last fall that Fannie May "must." Limited to purchases of GI and FHA mortgages the organization holds about 3 percent of the $93 billion invested in such paper. Last August, Fannie was purchasing about 4,000 mortgages a month. By December 1956, a high point which has been sustained since, purchases were at 18,000 a month with a value of about $140 million monthly.

Akin forecast a continuation of this high level, which is now considerably more than 3 percent of current loans, throughout the year.

However, housing's problem is not simply a case of whether Fannie can continue to buy heavily in the secondary mortgage market. As Akin said, "We can only hope to level out some of the hills and valleys" in mortgage investments.

Neither Fannie nor anyone short of Congress can help the home builder compete with expanding industry for money. Congress can help but it would involve, at least, major changes in Government-guaranteed loan provisions. Possibly it would involve subsidization. And, even that might not solve a basic problem created by a change within the industry itself.

BUILDING SLUMP SWELLS LINES OF UNEMPLOYED

(EDITOR'S NOTE.—The state of the Nation's housing industry determines to a large extent the condition of the Emerald Empire's economy. In the last year, there have been some drastic changes and much confusion over the condition of housing, the causes and the solutions. This is the final installment of a series which has attempted to explain some of the factors involved.)

(By William Dean of the Register-Guard)

An employee of a Eugene firm which is largely dependent on the lumber industry has been laid off since early in the year. He's been more fortunate than some fellow workers who were turned out as long ago as last summer.

The other day he checked with his old employer after making the rounds looking for another job and he was told:

"Don't expect to come back to work here. The way things look, we'll be cut down to the bone at least through early summer, maybe longer."

The experience of this Eugene man shouldn't come as a shock to anyone who has gone by the Oregon State Employment Service office on East 11th or Carpenters Hall, at 5th and Willamette, in the early morning. At these two offices and several others there are regular morning lines of men looking for work.

These lines are made up of many of the 1,777 men and 578 women who drew State unemployment compensation for the week ending March 28. For this period, there were 507 more men and women out of work than the same week a year ago. Besides these people there are another group of railroad employees who are drawing compensation from a railway fund.

The unemployment figures don't show the number of men who are getting 1, 2, or 3 days of work a week, nor the plywood workers who are on a 4-day week.

Nor do they adequately describe the 2 skilled workmen who were glad to split $1.50 for a lawn-raking job a week ago.

Nor the part owner of a substantial small lumber mill who said, "It hurts to work like hell all month and end up losing money."

Nor the equipment dealer who commented, "Collections are sure slow."

Even these examples do not make up a fully accurate picture of the effect on Lane County of a 30-percent slump in the Nation's housing industry. Economically, times are bad here; but they are better in some businesses than others, and they could be worse overall.

There are many who figure that the low point has been reached; that the downward trend of the house-construction industry will be halted and the industry perhaps will be started back upward this year.

Last week's employment figures, worse than last year's, are still better than those of a month ago. Last week's lumber prices, lower than last year's, are still higher than those of a month ago.

And looking ahead to the next year and the next some expect something almost similar to the housing boom of the last 10 years.

In the immediate future changes in Government support and financing of new houses are almost certain to come. An equally important factor is that industrial and business expansion are showing signs of leveling off. This is the thing that has caused tight money, the competition of the high-bidding industries with relatively low-bidding home builders for the available investment money.

LONG-RANGE OUTLOOK

However, as one builder said, "There's quite a time lapse between the gleam in a builder's eye and the moment he starts work." In other words, actions taken by Congress and the administration in attempts to beef up home construction probably won't be felt strongly until the next building season, spring of 1958.

The long-range outlook is more encouraging.

The principal reason for this is that we've had a lot of babies in the last 17 years and some of them—the first wave—are about ready to move out of the home nests into vine-covered bungalows of their own.

Dan Goldy, of the Department of Labor's regional office in Seattle, outlining the effect of this young population wave, says that the demand for housing is being dammed up behind the current slump in construction.

FIGURES CONSERVATIVE

Based on Labor Department figures, the Nation should be building in 1957 about as many houses as we built in 1955—or 1,300,000. The yearly average of new starts between 1960–65 should go to 1,400,000 and then to 1,600,000 in the next 5-year period. In the 1970's it should be around 1,800,000.

Goldy, who says these figures are considered conservative, explains that these new houses will be needed not only for new families but to take care of the destruction and obsolescence of existing houses. He says that around one-half million replacement houses will be needed yearly in the next 5 years.

These are a lot of figures, glowing figures when stacked up against estimates of housing starts for this year ranging from a low of 800,000 to a high of about 1 million.

And they mean a lot of lumber when you figure that it takes forest products equivalent to about 975 million board feet of lumber to build 100,000 houses. That is about the same volume of lumber produced annually in Lane County.

But these figures won't do much this month toward reducing the line of men looking for work.

WILL-O'-THE-WISP FARM PROSPERITY

Mr. MORSE. Mr. President, in common with many, if not all, of my colleagues, I am in receipt of much mail from constitutents justifiably concerned with the high cost of living. The Eisenhower "prosperity" evidently is a selective prosperity; to judge from my mail, it is not shared by many of my correspondents.

Why this is so can be well illustrated by some figures, based on data provided by the Departments of Agriculture and Commerce, which have been prepared by the Conference on Economic Progress and are published in the May 24 issue of the Washington Newsletter of the National Farmers Union.

Here are the simple but compelling facts: Net farm operators income has dropped 5.4 percent since 1953; labor income for the same period is up but 3.2 percent; unincorporated business and professional income has had only a 2.3 percent increase. Who then has received the benefit of Eisenhower "prosperity"? Interest income has climbed 6.8 percent; dividends have kept pace; they are up 6.6 percent.

This seems to me, Mr. President, to lay a foundation for questioning again the statement of an Eisenhower Cabinet official that "What's good for General Motors is good for the country." Surely an economic distribution of income that favors the holders of capital by increasing their share by more than 6 percent, while farmers are penalized by an income drop of 5.4 percent—and that in a period of rising prices—does not make for a very healthy economic situation.

If consumer food prices had reflected the loss the farmers have taken, Mr. President, although it would not have been just, it might have been accepted as a necessary sacrifice on their part for the greater good of the whole economy. But this is not the case. The consumer did not receive lower food prices as farm prices fell. Profiteering by big business and the manipulation of the interest rate upward to favor the holders of stocks and bonds at the expense of the farmer and the consumer, the laboring man and the small-business man, Mr. President, are the hallmarks of this Eisenhower "prosperity."

Leon Keyserling, Chairman of the Council of Economic Advisers under President Truman, has made an excellent analysis of our economy today. The study is called Consumption: Key To Full Prosperity, and it was published by the Conference on Economic Progress. I ask unanimous consent, Mr. President, that an article entitled "Business in Slump—Ike's Management of Economy Hit," a review of the Keyserling report that underlines the main conclusions that were reached in it, be printed in full in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BUSINESS IN SLUMP—IKE'S MANAGEMENT OF ECONOMY HIT

The United States economy again has been dragged to a halt by the administration's upward manipulation of interest rates and profiteering by the major corporations.

The current slump in business just about wipes out whatever hope might have existed for even slight improvement in the farm economy this year.

Two months ago (March 29) this Newsletter forecast that "another recession is just around the corner." The present business slump is now generally acknowledged and identified by expert observers of economic trends. The Wall Street Journal recently stated that the latest trend is now called a lull, or the lull, and that it seems to be deepening.

A hard-hitting diagnosis of what's ailing the United States economy, plus a bold prescription for curing it and stimulating robust good health comes, therefore, at an exceptionally appropriate time this week.

It was published by the Conference on Economic Progress, headed by Leon Keyserling, Chairman of the Council of Economic Advisers under President Truman. Among the conference's national committee members are FU leaders Jim Patton, Glenn Talbott, and M. W. Thatcher, along with other farm, co-op, and labor leaders and businessmen.

The most important point driven home by the Keyserling study is that this is a growing Nation, with a fast increasing population and rising productive ability, and that

its economy must grow at a healthy rate to keep up.

As Keyserling puts it:

"Our rate of economic growth, the basis of expanding consumption and living standards, has slowed down during recent years to only about half our best past performance in peacetime. Yet we preen ourselves on a little more production and consumption today than a year ago, like a child who has grown 1 inch when it should have grown 2."

Keyserling's entire criticism of the administration's economic policies, and his proposals for alternative policies, hinge upon this point. Contrariwise, the administration's defense of its management of the economy turns backward on this identical point; United States planners boasted that national production in 1954 was almost as good as in 1953, and similarly bragged on very inadequate performances in 1955 and 1956. Of this record, Keyserling says:

"The growth in our total production has fallen from more than 4½ percent a year during 1947–53, to only about 2½ percent a year during the past few years, and to only about 2 percent from fourth quarter 1955 to fourth quarter 1956. We have thus slowed down to less than half the rate of progress within our power."

For farmers especially, economic growth is of utmost importance. Farm production in the United States has increased at a remarkably steady pace. From 1900 to 1950, total United States farm production increased at an average rate of 2 percent per year, and regardless of drought, flood, depression, or war, farm production never varied either up or down from the previous year by more that 4 percent in any of those 50 years.

Obviously, farmers cannot hold their own unless the economy expands sufficiently to absorb the steady annual average increase in farm production. Actual experience over the past 25 years has been that farmers' purchasing power is likely to drop unless the gross national product increases by 8 percent or more over the previous year. This experience is all the more meaningful with the administration now hinting darkly that it will give less and less help to farmers in securing a fair share of the national income.

The farm depression is recognized in the Keyserling study as a major cause of the economic slowdown.

"This is true, even though net farm operators' income is a small fraction (4 percent) of total consumer income, because farm income has collapsed so drastically," the study points out. "In the 10 years ending last December, net farm operators' income, measured in uniform dollars, declined about 32 percent (mostly since 1951) while total national income rose about 42 percent."

Keyserling blames inadequate consumer purchasing power for the failure of the economy to maintain full employment and full production. "Some groups have received relatively too little," he maintains. As a result of this unbalance, he contends, big businesses are putting more money than is needed into investments in new plants, while consumers aren't able to buy even the full output of existing factories.

Keyserling's prescription for balanced and maximum economic expansion consists primarily of policies which would increase consumer purchasing power, including an entirely new farm program using income parity aids, ending the hard money policy immediately, reduced income taxes for low-income families, and action to probe and halt monopoly where involved in selectively administered price inflation and profiteering. He advocates increased spending for schools, old-age assistance, housing, and other welfare programs, increased natural resource development projects. Rising national productivity would cut the size both of the budget and the national debt in relation to national income, and increased national income would boost tax revenues sufficiently to balance the higher budget, he maintained. He proposes that by 1960 wages, salaries, and employee benefits be increased by 20 percent, and net farm operators' income by about 72 percent, over the 1956 level.

The hard money policy is roundly scored in the Keyserling booklet. The administration, in following it, is fighting "the wrong economic enemies at the wrong time with the wrong weapons," he asserts, and in doing so is tilting at windmills of an imaginary general inflation, while pouring oil on the fires of selective inflation and water on the embers of selective deflation.

"To be sure," Keyserling points out, "some industrial prices have been rising sharply. And the cost of living has risen to new all-time peaks, at a faster pace than in any previous period other than war or quick transition from war to peace. But these soaring prices have not been caused by excessive demand, nor justified by higher costs. Administered price fixing and profiteering are cutting into consumer purchasing power, and feeding a boom in plant and equipment out of line with deficient consumption."

A classic example is furnished by what is happening in the steel industry. Steel production has been running at approximately full capacity most of the time since World War II. Everyone agrees that the price of almost any manufactured commodity is directly influenced by the price of steel. Defenders of hard money have pointed to the tight steel supply as justification for their contention that demands need to be curbed in order to prevent prices from being bid up.

This argument is new completely exploded. Steel production has been running below 90 percent of capacity. The New York Times and other industry analysts predict that it will sag below 80 percent later this year, when the rush orders to beat the expected July 1 price increase is over.

But in the face of this steel surplus, reports the New York Times, the steel industry is preparing new price increases July 1. It goes on to say that most observers feel the increase will be in the $5 to $6 (per ton) range. (Steel is now $140 per ton.)

THE CONGRESSIONAL QUARTERLY

Mr. NEUBERGER. Mr. President, in order that the Senate may know both sides of an important public issue, I ask unanimous consent to have printed in the body of the CONGRESSIONAL RECORD a letter dated June 14, 1957, from the executive editor of the Congressional Quarterly, Mr. Thomas N. Schroth, to the distinguished Senator from Kansas [Mr. SCHOEPPEL].

On June 13, 1957, the Senator from Kansas voiced some very sharp and direct criticisms of the Congressional Quarterly during a speech on the Senate floor. Because I myself have considered the Congressional Quarterly to be a useful source of information and facts, I believe that my colleagues are entitled to know all aspects of this question, which is certainly the privilege of legislators and other public officials in a free land.

Therefore, Mr. President, I ask unanimous consent that the letter from Mr. Schroth to the Senator from Kansas, presenting the side of the Congressional Quarterly, be printed in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL QUARTERLY,
Washington, D. C., June 14, 1957.

Hon. ANDREW F. SCHOEPPEL,
Senate Office Building,
Washington, D. C.

DEAR SENATOR SCHOEPPEL: It seems a shame that an experienced and knowledgeable lawmaker such as yourself should be misled into delivering on the floor of the United States Senate inaccurate and unfair attacks on Congressional Quarterly. I believe that, if you knew of the false basis of the "research" material you have been handed, purporting to analyze CQ studies, you would not use that material.

Certainly our presidential support story of May 12, which I sent to you, did not flatter the Republicans. But it was prepared with the same objective disinterest in the results that our stories in past years have featured. It was simply based on the votes of the Members and not on any "political viewpoint."

You noted in your speech on June 13 that the study prepared for you last year was "based on the entire record." So was the Congressional Quarterly Presidential Support story for last year. In the Congressional Quarterly story, you had a record of support for the President's program of 69 percent. Taking your own statistics, which you say are much more reliable than ours, you have a support score of 67.5 percent.

If we are trying to "distort" the record, then the "statistics" you are using compound the "distortion." I suggest you review the source of the "statistics" you quote. I believe you will find the Congressional Quarterly approach far more objective than the one you have been led to accept.

Frankly, Senator, I am at a loss to understand why you accept figures which put the Republican record in a worse light than that revealed by CQ figures.

For example, in your speech on the Senate floor on June 13 (CONGRESSIONAL RECORD p. 8995), you refer to the "flexible methods used by Congressional Quarterly to make the statistics fit their own purposes. Their purpose in this case was to divide the Republican Party and to continue to further the Congressional Quarterly theory that over the years President Eisenhower has been supported by the Democrats in this body and opposed by members of his own party."

Here are the facts: Congressional Quarterly's summary scores for the 83d Congress:

[Percent]

	Republicans		Democrats	
	Support	Opposition	Support	Opposition
Senate	72	17	41	43

Congressional Quarterly's summary scores for the 84th Congress:

[Percent]

	Republicans		Democrats	
	Support	Opposition	Support	Opposition
Senate	72	16	44	38

Not only does this show exactly the opposite of what you charge—the Congressional Quarterly figures show clearly that the Republicans gave greater support than the Democrats to the President's program during the 83d and 84th Congresses—but our score of Republican support in both Congresses is

greater than your scores of 64.7 percent for the 83d Congress and 59.4 percent for the 84th Congress.

Indeed your own Republican "truth squad" used the Congressional Quarterly figures repeatedly to plead the Republican cause throughout the 1956 election campaign.

I do not understand why you accept an analysis of Presidential support which worsens the record of the Republicans in preference to the Congressional Quarterly analysis which presents the objective facts.

The Congressional Quarterly interim story on Presidential support for the current session, issued as of May 12, was, as you say, timed to reach the press when President Eisenhower made his first television address. We consider that good journalism and the scores of newspapers of all political points of view which used the story apparently agreed with us.

In reference to your comment about flexible methods used in tabulation of Presidential support and opposition scores may I point out that Congressional Quarterly has used a consistent method since it began its tabulations and it is clearly defined in each release of Congressional Quarterly's Presidential support and opposition scores. The method used for the tabulation of the May 13, 1957, release is the same method used for the previously listed scores for the 84th and 83d Congresses.

Senator, if what you say is true—that Congressional Quarterly deliberately distorts the voting records of Congress—we would go out of business within a year. Why? Because we are designed to serve and we get most of our revenue from newspapers of the widest political differences, such as these clients: the Chicago Tribune and the New York Post; the Los Angeles Times and the St. Louis Post-Dispatch; and our list of more than 230 publications includes such fact-conscious publications as Time magazine, the New York Times, the Christian Science Monitor, Newsweek, U. S. News & World Report, and the Kansas City Star.

Your own minority leader, Senator WILLIAM F. KNOWLAND, whose family publishes a distinguished newspaper and Congressional Quarterly client, the Oakland (Calif.) Tribune, used the very analysis you complain about just last week on a nationwide television program, Face the Nation, when he said: "* * * according to Congressional Quarterly, I stand among the six highest Republicans, percentagewise in support of the President's program, both domestic and foreign, with a percentage, I think, of 89 percent."

Because of the distortion of the fine record of reporting which Congressional Quarterly has supplied to newspapers and others interested in an objective view of Congress during the last decade, I feel it is important that your colleagues in Congress get the true facts. Accordingly, I am going to send them a copy of this letter in the near future.

I would like to repeat my interest, as expressed in my letter of August 2, 1956, to you, in discussing the Congressional Quarterly methods with you. You or any member of your staff are welcome to visit us at 1156 19th Street NW., to examine how we go about our studies of congressional activity. We are trying to present a fair and understandable picture of this activity and we are always open to suggestions for improvement. Our success so far in this field has led us to believe that there will be a continuing interest in this type of intensive coverage of Congress.

Cordially yours,

THOMAS N. SCHROTH,
Executive Editor.

DECREASE OF TEXAS OIL PRODUCTION

Mr. YARBOROUGH. Mr. President, the latest news dispatches from Texas carry distressing news that the Texas Railroad Commission has cut Texas oil production back to a new low point. This means less income for Texas and the Nation; it is a stunning reverse for a great national industry, vital to our national economy.

This cut in production and resulting cut in the income of Texas is particularly hard on the small companies and the independent oil producers who have borrowed money to explore for oil, based on their pledged income from oil production.

This decrease in production will materially reduce the revenues of the State and its school districts, making it harder for Texas to build the school plant it needs to educate its youth.

The small companies represent the truest spirit of American business enterprise; they have the spirit of initiative and competition upon which the free enterprise system was nurtured and upon which it grows.

This ordered reduction in oil production will cause smaller runs at refineries, and lessened employment, not only at refineries, but with truckers, oil well drillers, equipment companies, and, ultimately, the manufacturers of pipe and other oil-field equipment.

Mr. President, why was the production of oil in Texas ordered reduced by 25 percent from the production of 3 months ago? The answer is simple: The tanks and pipelines are full of oil, and there is no room for this Texas production.

Why, Mr. President, is there no room for this Texas oil production in this Nation? The answer, again, is simple: This administration has opened the floodgates for foreign oil, and Arabian oil produced by American companies, but free of American taxes, has glutted the American market. The flood of oil from the Middle East is drowning out our American oil production, to the detriment of our businessmen, bankers, laborers, and our governmental revenue sources.

The O'Mahoney committee has done an outstanding job of exposing the tax dodging of the American-Arabian oil interests, but the full damage to the economy of this Nation, caused by the subservience of the American Government to the American-Arabian oil interests, is only now becoming known to the public.

Mr. President, this administration has often pledged to do something about these foreign oil imports, and then just as often has hedged its pledge, and done nothing.

Since this administration's known proclivity and settled reputation for doubletalk is known to the Senate, I am hopeful that the Congress has time left to do something to halt these uncontrolled oil imports before our small domestic companies are ruined.

The small producer in America has learned that this administration worships "Mr. Big." I call on the Congress of the United States to aid our domestic producers against the squeeze play of this administration and the Arabian-American oil interests.

Oil imports should be cut before the hair of our domestic oil industry is grayed as well as curled.

DEVELOPMENT OF UNITED STATES WATER RESOURCES

Mr. JOHNSON of Texas. Mr. President, the key to the future of our country is the development of our water resources.

If a human being fails to get a drink of water every now and then, he soon dies. If our water resources are not conserved and used to supply our expanding economy, then the point will be reached at which it can no longer expand.

WE ARE NOT DOING ENOUGH

I am deeply concerned that we are not doing enough—not nearly enough—in the field of water-resources development.

The President's budget for fiscal 1958 proposes only 24 new and resumed projects by the Corps of Engineers. It proposes only six new and resumed projects by the Bureau of Reclamation.

Think of it. Only 30 new starts and resumptions in the field of water development in the entire United States.

Mr. President, we are falling far behind the Nation's needs.

This is a dynamic and aggressive era. Technological advances present new and exciting frontiers. We cannot reach those frontiers on a road paved only with good intentions.

We must have a big program, not a puny one. We must have action—bold, farsighted action—not just soothing words from an advisory committee.

Mr. President, I call upon the Congress to exercise fully its constitutional responsibility for the national land and water resources program.

We must resist the tendency of the Bureau of the Budget to exercise a pocket veto over vitally necessary projects by refusing to include them in the budget.

We must improve the present procedure for presenting projects. We are losing too much time between initiation and construction of a project. We are permitting too much secrecy about the status of projects after the engineers' findings regarding them are transferred to other executive agencies.

COOPERATIVE EFFORT NEEDED

We must insist that the Corps of Engineers and the Bureau of Reclamation work together for the good of the people both are designed to serve.

At the same time that we are coordinating the work of Federal agencies, we must integrate the Federal effort with State leadership and local community effort.

Above all else, we must get rid of the kind of thinking that would have us believe we cannot afford more new flood control and water-conservation projects. We can afford them. We must have them.

Mr. President, I regard these as reasonable goals in the field of water-resources development. More than that, I regard them as essential goals. I will continue to press for their attainment.

Mr. President, I desire to speak on another subject.

The PRESIDING OFFICER. The Senator from Texas has the floor.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I desire to give notice that the District of Columbia appropriation bill conference report is ready for the consideration of the Senate. As soon as I can coordinate with Senators on both sides of the aisle, I shall try to work out a convenient time to bring up that report for consideration.

In addition, Mr. President, there is on the calendar, reported from the Committee on Appropriations, the very important Interior Department appropriation bill. It has been pending for some time now, and we are very anxious to get it before the Senate and to the President at the earliest possible date.

Next week we expect to have ready for consideration the Defense Department appropriation bill and, we hope, the public-works appropriation bill. We still have conference reports on the District of Columbia appropriation bill, the Labor-Health, Education, and Welfare appropriation bill, the Agriculture appropriation bill, and the independent offices appropriation bill.

I should like to give notice that as soon as those conference reports are ready for action they will take priority in the Senate.

Furthermore, I serve notice that if we can conclude consideration of the unfinished business early today, as we planned last night, we certainly should do so. If not, we expect to have a night session to conclude consideration of the bill. If it is impossible to dispose of it at the night session, I must serve notice, reluctant as I am, that there must be a Saturday session.

We have great responsibilities in the present situation. The Congress is of one party, and the administration is of another. The President has submitted to the Congress 146 recommendations. We have attempted to expedite action on those recommendations in the Senate. We wish to pass as many of them as the Senate believes should be passed at this session. We have held relatively few night sessions. I doubt if the Senate has remained in session later than 8 o'clock more than a dozen times this session. I doubt if there have been half a dozen Saturday sessions during this session of Congress.

It is customary, in May, June, and the early part of July, for the Senate to convene early and stay late, working 6 days a week. Certainly the majority party wishes to do that, and I expect to receive the cooperation of all my colleagues. I know that some of us have family obligations. It is graduation time. Some of us like to go home for weekends. Some of us have friends and members of the family who are ill, and whom we wish to visit. But our first job is here in the Senate. It is our responsibility to meet the issues. If for any reason the measures to which I have referred are delayed, it will not be the fault of the majority leader.

I hope Senators will make their remarks as brief as possible in connection with the unfinished business, and I hope a vote can be reached by 3:30 or 4 o'clock this afternoon.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. I should like to ask the majority leader whether the estimate of the time to be consumed in debate which he made last night is still current, so far as his side of the aisle is concerned.

Mr. JOHNSON of Texas. Yes. I expect less than an hour to be consumed on this side of the aisle. Has the Senator changed his estimate so far as the other side of the aisle is concerned?

Mr. DIRKSEN. So far as I know, the estimate with respect to this side of the aisle remains the same.

Mr. JOHNSON of Texas. I appeal to my friend from Oregon, my friend from Washington, and all my other friends on the other side of the aisle not to consume more than an hour. If we can stay within the limitations already referred to, we can reach a vote by 3:30 p. m. today.

If action on the Hells Canyon bill is completed, one way or the other, the majority leader will ask unanimous consent that the Senate adjourn or recess until Monday next. In the event the bill is disposed of this afternoon, there will be no night session, and no Saturday session, and on Monday we hope there will be no controversial legislation before the Senate.

Mr. JOHNSON of Texas subsequently said: Mr. President, I ask unanimous consent that, following the statement I made this morning, there be printed in the RECORD a statement I have prepared showing night and Saturday sessions of the Senate from January 3 to June 21, 1957. I should like to have the detailed breakdown appear in the RECORD at the conclusion of my previous remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Eighty-fifth Congress, first session, January 3, 1957, to June 21, 1957:

Saturday sessions, two; January 5, March 2.

Night sessions, seven (cutoff, 8 p. m.): May 15, May 28, May 29, June 11, June 14, June 18, June 20.

CONDITIONS IN KOREA

Mr. FULBRIGHT. Mr. President, I read with considerable interest this morning the announcement by the Department of Defense that the United Nations Command in Korea has been instructed to advise the Communists that we can no longer ignore Communist violations of the 1953 Armistice Agreement, and that steps will be taken to build up our military forces in the area.

From time to time we have had indications that the Communists have violated the truce agreement, and I do not question that there is sufficient reason for the United Nations to take the proposed action. It is rather curious, Mr. President, that there has been no consultation with the Committee on Foreign Relations about this step. As chairman of the Foreign Relations Subcommittee on the Far East, I would certainly have been interested in knowing of a development of this kind prior to its public announcement.

I cannot help but contrast the vigor with which the administration has pressed its desire to send Senators to the London disarmament negotiations with the complete silence which has surrounded steps taken to abrogate certain parts of the Korean Armistice Agreement.

It is also rather curious that at the very moment we are engaged in most serious disarmament negotiations in London the United States should have urged a course of action in Korea involving substantial increase in our military power in that area.

It also seems rather strange that an announcement of a political decision having such serious potentialities should be made by the Department of Defense. I am aware, of course, that the Department of Defense has been urging for some time that new arms be sent into South Korea, and that the Department of State has apparently had serious doubts about the wisdom of this move. Now that the step has been taken, however, I assume that it represents a major policy decision which has been considered by the National Security Council, and that the decision is based upon consultation with other United Nations forces stationed in Korea.

In this connection, I note, however, that Assistant Defense Secretary Murray Snyder, according to the report in the Washington Post and Times Herald for this morning, would not say whether the decision to strengthen our forces in Korea was unanimous with respect to other United Nations members who still maintain forces in Korea—Great Britain, Canada, Australia, New Zealand, France, Turkey, Greece, and Thailand. According to the newspaper report, Mr. Snyder did say "every opportunity was given to every country" to express its views and there were no protests after the decision was made.

In concluding my comments, I wish to reiterate the remark which I made earlier, that I do not question that the Department of Defense has reliable evidence of the Communist buildup in North Korea in violation of the terms of the armistice. I am sure that the United States would not propose any buildup on the part of the United Nations forces without firm evidence of Communist violations of the agreement.

In this connection I ask unanimous consent to have printed in the body of the RECORD an article entitled, "Modern Planes, Tanks, Artillery To Be Provided," written by John G. Norris, and published in the Washington Post this morning.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post of June 21, 1957]

MODERN PLANES, TANKS, ARTILLERY TO BE PROVIDED

(By John G. Norris)

The United Nations Command in Korea nullified the arms proviso of the 1953 Korean Armistice early today and immediately began modernizing American forces there.

Representatives of the United States and its Allies at Panmunjom told the Chinese and North Korean Communists that the step is being taken to counter an enormous

Red buildup in North Korea carried on in complete disregard of the truce agreement.

New jet warplanes, capable of carrying atomic bombs, were standing by to fly to South Korean bases as soon as the notice was served on the Reds Friday (at 1:30 a. m., e. d. t.), a Pentagon spokesman said last night.

Article II, section 13 (d) of the Korean Armistice agreement banned either side from reinforcing its forces in Korea, and prescribed that wornout weapons could be replaced only with those of the same type. Scrupulous compliance of this proviso by the U. N. Command, in the face of gross violations by the Reds, has upset the military balance and endangered South Korea, the Pentagon said.

Assistant Defense Secretary Murray Snyder said that modern tanks, artillery, and other ground equipment also will be shipped to Korea to replace obsolete weapons in the hands of the two United States Army divisions there.

FOR UNITED STATES TROOPS ONLY

But no atomic weapons or missiles are being sent to ground forces "at this time," Snyder said in answer to newsmen's questions. Also, only American forces in Korea are being shipped modern arms, for the present, he said, although consideration is being given to modernization of the 21 South Korean divisions under the military assistance program.

Snyder said he could not explain the decision to withhold atomic weapons and missiles from the Army. Only last month Defense Secretary Charles E. Wilson said that plans for modernizing American forces in Korea called for equipping them with Honest Johns, Corporals, and other missiles capable of carrying nuclear as well as conventional warheads.

There was speculation that withholding these weapons—normally part of the equipment of Army forces—from the 7th and 24th United States Infantry Division in Korea, stemmed from the fact that almost simultaneously this Nation was presenting a disarmament plan in London.

Snyder declined to say whether the United States fighters and bombers moving in South Korea would be equipped with atomic bombs—on the ground the law prohibits disclosure of the whereabouts of nuclear weapons.

The Pentagon gave out the text of a statement to be handed to Communist Chinese and North Korean representatives by Maj. Gen. Homer L. Litzenberg, USMC, of Washington, D. C., senior member of the Armistice Commission. A Defense Department statement also handed out for release at the same time.

The Pentagon statement declared that at the time of the Armistice, the Communists had not one combat plane in North Korea and that all Red airfields south of the Yalu had been bombed out. Today, it was asserted, the Communists have "hundreds of the most modern jet types of combat aircraft based in North Korea."

"This conclusion," said the Defense Department, "is supported by all types of intelligence information including the evidence of radar trackings, the testimony of defectors, as well as long-range photographs."

Similarly, the truce agreement has been violated by the Red introduction of modern ground equipment, it was charged.

The document presented to the Reds declared that their "flagrant, repeated, and willful violations" of the truce in the face of repeated protests entitles the U. N. Command "to be relieved of corresponding obligations" not to replace its outmoded weapons with modern arms.

The U. N. Command statement stressed that: (1) The only purpose of their action was to restore the relative balance of military strength contemplated under the truce pact; (2) their replacement weapons are being deployed for defensive purposes only; (3) all other provisos of the truce agreement, including the cease-fire, will continue to be fully observed by the United States and its allies.

Snyder said that the decision to abrogate the truce provision was made by the United States "after consultations and discussions" with other United Nations members who still maintain forces in Korea. They are: Great Britain, Canada, Australia, New Zealand, France, Turkey, Greece, and Thailand.

The Defense official would not say whether the decision was unanimous but said that "every opportunity was given to every country" to express their views and that there were no protests after the decision was made.

Intelligence sources estimate that the Communist and United Nations forces in Korea have been approximately equal in numbers, but not equipment. The North Koreans have a reorganized and reequipped army of 400,000 men, and about 350,000 Chinese soldiers are still in North Korea, plus another million across the Yalu in Manchuria.

The Reds have about 800 tanks and some 700 planes, including 500 jets, based at 38 airfields in North Korea. By contrast, there are about 700,000 South Korean troops, 80,000 Americans, and less than 5,000 other U. N. forces. They are equipped with only 150 F-86 Sabrejet fighters and outmoded tanks and other wagons.

ACCELERATED TAX AMORTIZATION FOR THE AIRCRAFT INDUSTRY

Mr. BEALL. Mr. President, in view of much recent discussion over accelerated tax amortizations, I wish to present for printing in the body of the RECORD a statement by Mr. Jacob Friedman, a Maryland engineering consultant and mathematician, concerning the adverse effect that the denial of acceleration would have upon our aircraft industry.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ACCELERATED TAX AMORTIZATION FOR THE AIRCRAFT INDUSTRY

(By Jacob Friedman, business and engineering consultant)

Accelerated tax amortization apparently still remains one of the most misunderstood national issues. Repeated statements by certain Government officials and congressional members to eliminate it immediately in its entirety represent criticism of a destructive nature. The purpose of this discussion is to point out the need to at least continue the granting of accelerated tax amortization to the aircraft industry.

It is well known that the financial stability of any company is subject to considerable risk when military business exceeds 50 percent of total volume during peacetime. This condition is applicable to the aircraft industry where military projects comprise a minimum of 50 percent up to 100 percent of total volume of business but where expansions of facilities are required solely to meet current military requirements.

The realization that this country cannot afford to be second best in the matter of weapons for national defense has been accompanied by a continual need for new developments to insure such an objective. Now new weapons are not designed, developed, and evaluated overnight. It requires considerable lead time from the drafting board to their prototype development and evaluation so that they can be ready for production as called for by military logistics. For example, no plane designed after Pearl Harbor was ever flown in combat during World War II. Sound military mobilization planning should give special attention to those items requiring a long lead time, which is the situation in the aircraft industry.

Let us assume that a military logistic plan calls for a new type of guided missile that will meet requirements so rigid that they would have been considered merely a theoretical monstrosity heretofore. The Government must set up a design competition among aircraft producers that are qualified beyond doubt to handle such a product. In spite of "scuttlebutt" to the contrary, military business is brutally competitive from the standpoint of technical know-how. This should be quite obvious in view of the "ups and downs (or out completely)" of highly respected firms in the aircraft industry.

Among the items considered are capacity of present facilities to handle such a project. However, the matter of facilities is not a simple one. As well known, adequate facilities without the necessary know-how or adequate know-how without the necessary facilities is to no avail. It is the latter condition that usually exists. What steps does the Government take? Normally, the Government will insist that the contractor finance his own plant and certain items of equipment but a complex financing problem may confront the contractor. A large current investment in facilities has already been made solely for Government development and production projects. The company is well acquainted with the nature of military projects, which are subject to sudden drastic cutbacks and terminations due to obsolescence, failure of final product after evaluation due to circumstances beyond control of contractor, change in policy due to international situation, dependency on congressional appropriations, etc. Thus, a satisfactory necessity certificate may be a condition precedent to the approval of bank loans to finance new facilities at various stages of the project. Due to the complex nature of the developments involved, it is impracticable in the early planning stages (often until the research project is about 80 percent complete) to determine the facilities that will be required by either prime or subcontracting levels to ensure completion of the project.

If the company is either a sole source of supply or a desired source of supply because of unique qualifications, it may well be in a position to demand that the Government directly finance the new plant in the absence of the accelerated tax amortization procedure. In other words, if the Government really needs the project, does it want the know-how of the aircraft industry to accomplish its intended purpose? When the Government finances the plant through a facilities contract, the start of construction will be delayed about 10 months as compared to the contractor financing a plant to be covered by a necessity certificate. This is a very important factor because of the ramifications involved, particularly as to meeting overall logistic schedules.

The important benefit derived from necessity certificates is the use without interest of money that would otherwise be paid into the United States Treasury as taxes the first 5 years after construction of the plant. If the tax rate and profits remain the same, the entire tax saving will be recovered by the Government over the normal depreciation period. After the end of 5 years, unless the tax rate is lower (which even after considering the political issues involved doesn't seem practicable), the Government has made an apparent modest investment in saving the contractor interest in consideration of additional capacity required for meeting an objective that our national defense will not be second best. However, certain other factors to lessen this modest investment by the Government must also be taken into consideration. If the plant has no further economic or practical utilization, the contractor rather than the Government is burdened

with the cost of maintaining it. In addition, the Government from the very start of construction is not also burdened with various administrative costs, such as record keeping, plant inspections, maintenance, disposition, etc. These costs arise due to the justified necessity for Government interference with the business of the contractor to insure protection of its property.

The cost-plus-fixed-fee contracts held by aircraft manufacturers are referred to as being lush from some sources. The reason for such contracts being on a cost-plus basis is that they are usually of a development nature. Under such conditions, it is not practicable to establish a firm price. The fees allowed on such contracts are usually less than the profit returns normally received in commercial business for precision work. Disallowed costs, which are more prevalent than the general public realizes, further reduce these fees. In addition, the renegotiation procedure acts as a control against apparent excess profits. There is no such control against losses.

A military source has predicted that the present plants of aircraft companies will be utilized to less than half capacity by 1960 due to availability of more powerful and destructive weapons and cutbacks in manned aircraft production. This seems somewhat of a paradox as there is an unprecedented current requirement for a large quantity and variety of facilities, both brick and mortar and highly specialized equipment. Thus, the aircraft industry and the military not only have the problem of how to obtain facilities to manufacture weapons of the future but the main problem concerns the manufacture of the weapons of today. This is all the more reason for allowing the accelerated tax amortization to the aircraft industry since the expansions are required to meet current peculiar defense needs. By 1960 it may be a question of the survival of the fittest among aircraft manufacturers because of a meager military budget but a tremendous mobilization standby capacity will be available. This is another reason why certifying percentages should be currently raised for the aircraft industry. The possibility of utilizing the facilities for standard commercial products is remote. There is already a tremendous surplus of facilities to produce commercial products in very highly overdeveloped competitive markets. With the specialized facilities and highly skilled type of labor required by the aircraft industry, it would be impossible to compete in such a market. In the event of a future sale of this amortized facility, a normal gain rather than a capital gain for tax purposes is allowed for that portion of the cost which has been the maximum allowed or allowable writeoff through accelerated tax amortization.

In view of the above, when the contractor carries the risk of utilizing his facilities to advantage, more initiative will be exercised to develop further know-how so that the organization can qualify for additional developments or production to be undertaken under future Government contracts that will require the facilities. This represents a rigid condition of risk to the contractor. It is emphasized that to obtain benefits through a necessity certificate the contractor must make profits through the utilization of the certified plant. The aircraft manufacturer can remain financially stable only through a demonstrated efficiency in meeting requirements of the armed services. The tremendous volume of potential standby capacity that is being made available through necessity certificates where the risk is borne by the contractor is undoubtedly one of the most overlooked factors in the entire defense program.

After World War II, accelerated tax amortization was eliminated. However, in the spring of 1948 the cold war started. In retrospect, there is no doubt that the resumption of accelerated tax amortization then would have saved the Government considerable funds in the long run and have increased our industrial might where and when required in a rapid manner. At that time the Government began to curtail its activities in the disposition of Government-owned facilities and provide for a more formidable military industrial reserve. However, we were not set up to expand military production rapidly. If accelerated tax amortization had been adopted in 1948, the inertia stemming from a voluntary expansion of facilities by private industry would have allowed the further necessary expansion in 1950 to be accomplished in a more orderly manner, that is, not accompanied by such inflationary tendencies and undue confusion (less activity in priorities, allocations, etc.). As long as a cold war exists, let's not knowingly limit our potential military strength.

A pattern of 60 percent has been generally applied as a certifying percentage to buildings constructed by airframe, guided missile, and jet engine manufacturers (40 percent to buildings applied for by component manufacturers with additional 5 percent if in small business category). Equipment is generally certified at 65 percent with additional 5 percent if applicant is in small-business category. Certain specialized structures, such as wind tunnels and jet engine test cells, have been certified at 80 percent according to a pattern established. Other structures just as specialized as wind tunnels and jet engine test cells, such as a static test facility, are also utilized by the aircraft industry. The present need for a static test facility would generally arise solely because of an unique specialized military requirement. Thus, it is logical and reasonable that such a facility should also fall into the pattern of 80 percent certification. A review is also suggested to determine whether or not more favorable certifying percentages should be applicable to the cost of large new aircraft and guided missile plants to be located in nonindustrial areas. It must be recognized that the financial risks of the aircraft industry are extraordinary in the light of the current technological revolution, obsolescent factors and changing requirements attendant to the aircraft and guided missile programs.

An example of extreme unfairness to the certifying authority is the unfavorable publicity regarding the Idaho Power Co. applications recently approved. The following facts and conditions point out the relative merit of these applications:

(a) When the Idaho Power Co. filed two applications for a necessity certificate in 1953, an open expansion goal for electric power existed.

(b) The same objective standards had to be applied to Idaho Power as were applicable to other companies in the same industry.

(c) Final action on these applications was delayed pending the outcome of litigation involving the validity of the licenses issued by the Federal Power Commission.

(d) When the license granted to Idaho Power was determined to be valid, final action was taken on the applications.

(e) The Office of Defense Mobilization would have discriminated against Idaho Power in favor of other companies in the same industry had it not certified their applications at the same percentages that were established as a pattern for the electric power industry.

It would be appropriate if those who question the action taken by ODM on the Idaho Power applications would analyze the above factors. Unfair criticism has far-reaching ramifications even to the point of affecting merited cases. The aircraft industry would be particularly hurt if the applicable facts as confirmed by aircraft specialists were not the guiding factor in the resolution of unusual cases.

The aircraft industry has always been enthusiastic to cooperate in behalf of the defense effort as evidenced by its advanced creative technological contributions thereto. However, in the interest of national security, the fear of financial instability cannot be ignored either by the individual companies or by the Government. Thus, the need to at least continue the granting of accelerated tax amortization to the aircraft industry is self-evident.

The writer believes that the true plight of the aircraft industry has been pointed out above in only a mild manner. However, the objective of this discussion will be accomplished if it will only stimulate a desire to understand the facility problems confronting the aircraft industry due to the current technological revolution and how our very security is dependent upon the satisfactory solution of such problems.

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). Is there further morning business? If not, morning business is concluded.

Without objection, the Chair lays before the Senate the unfinished business.

HELLS CANYON DAM

The Senate resumed the consideration of the bill (S. 555) to authorized the construction of the Hells Canyon Dam on the Snake River, between Idaho and Oregon, and for related purposes.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on final passage of the bill, so that all Senators may know that we expect to have a yea and nay vote.

The yeas and nays were ordered.

Mr. GOLDWATER. Mr. President, once again we have the notorious—and, from the way things are being misrepresented to the public, I might even say nefarious—Hells Canyon bill pending before the Senate.

About a year ago we were debating S. 1333—the 1956 version of the hardy perennial bill to authorize a Federal dam at Hells Canyon. On July 19, 1956, the Senate defeated that bill by a vote of 51 to 41.

The defeat was not due to lack of adequate consideration. Proposed legislation to authorize this Federal development has been introduced in every Congress since 1950. Extensive hearings have been held before both House and Senate committees. In the 84th Congress Senate hearings, including the appendix, ran to 1,365 pages, and the printed record of the House hearing, serial No. 14, was 523 pages long. There were 4 days of full debate last year before the Senate wisely defeated the proposed legislation for the third time since 1950.

Mr. President, on August 4, 1955, the Federal Power Commission, an independent agency of the United States Government, created by the Congress, an arm of the Congress itself, issued a license to the Idaho Power Co. to construct 3 dams at the same location on the Snake River where the bill now pending before the Senate (S. 555) would authorize construction of a Federal dam. The company has proceeded with construction as it was required to do under the FPC license. The largest of these three dams is already half completed and both it and the second dam will be

completed with power on the line by the end of next year.

The right of the Federal Power Commission to issue a license to the company has been contested in the courts, as the Hells Canyon Association threatened it would be. The FPC action was unanimously upheld by the United States Court of Appeals, and the Supreme Court has twice refused to review the lower court's decision.

Mr. MAGNUSON. Mr. President, will the Senator yield? I think we can clear up a certain point, as between the opponents and the proponents of the bill.

Mr. GOLDWATER. I yield.

Mr. MAGNUSON. I think the RECORD should show—and I think the distinguished Senator from Utah [Mr. WATKINS], who is one of the good lawyers of the Senate, will agree—that the Court ruled in this case upon the authority of the Federal Power Commission to issue such licenses, and not on the merits of the particular license.

Mr. GOLDWATER. That is perfectly admissible. I do not think that affects the issue at all. The Court, in ruling on the authority, has in effect denied a hearing.

Mr. WATKINS. Mr. President, inasmuch as my name has been mentioned, will the Senator from Arizona yield to me?

Mr. GOLDWATER. I yield.

Mr. WATKINS. I do not agree with the statement which has been made. I think the Court looked at the entire situation before it decided to deny a writ of certiorari. I do not believe that the decision was confined to the question of authority.

Mr. MAGNUSON. I thought we could agree on that point. If we cannot, very well.

Mr. GOLDWATER. Not to disagree with my distinguished friend from Utah, the question of authority was certainly a part of the decision. I agree with my friend from Utah that the entire subject had to be reviewed if the Court was to come to any conclusion.

Mr. WATKINS. When the Court denies a writ of certiorari we do not know the ground on which it is denied. But the Court certainly took a look at the entire record. We have a right to assume that the Court looked at the entire question before it decided that there was nothing for it to decide, nothing to review, and that the case had been handled properly.

Mr. GOLDWATER. Mr. President, the public-power proponents have exhausted every legal means of stopping the company from providing a sorely needed supply of electric power to a power-short area. Now they come back to the Congress and ask us to stop them.

Mr. President, there should be a time when this Hells Canyon controversy is resolved once and for all. Otherwise it will cast a cloud on every order or license issued by any administrative agency. It is my sincere hope that this Congress will put the final quietus on this Hells Canyon Dam issue. Business, more and more every day, has to rely on orders, permits, licenses, and other controls of Federal agencies. If the Congress is going retroactively to overrule the acts of the agencies it has created, we can only live in fear and trembling of the direction in which we are heading.

Mr. President, never in my life have I heard so much confusion, so many misstatements and accusations, and so many quotations taken out of context as I have in connection with this Hells Canyon issue.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. WATKINS. The Senator has mentioned Government agencies, and the doubt that will be cast on them, particularly in connection with the activities of the Federal Power Commission, if that Commission is now overruled. Is it not a fact that the Federal Power Commission is a direct agency of Congress, not under the control of the executive department at all? In other words, Congress created the Federal Power Commission for the purpose of going into the very matters which are involved here, namely, the comprehensive development of the river systems of the United States.

Mr. GOLDWATER. I might say in answer to the distinguished Senator that in my opening remarks I said, "The Federal Power Commission, an independent agency of the United States Government, created by the Congress, an arm of the Congress itself, issued a license to the Idaho Power Co. to construct three dams."

Mr. WATKINS. That is a very fine statement of the situation. I should also like to ask the Senator whether it is not true that one of the reasons Congress created such an agency, to go into these matters for Congress, was the complex character of the problems which arise in determining what is best for the river systems of the country and what is in the interest of the best overall comprehensive development.

Mr. GOLDWATER. There is no question about that. The Senator and I know, because we come from the dry area of the West, that this agency in particular goes into these matters very thoroughly. I do not believe there is an issue—certainly since I have been in the Senate—which has received such thorough attention by an agency of the Government as has this particular issue.

Mr. WATKINS. I thank the Senator. If he will yield for one more observation, I should like to say that the Federal Power Commission has no other job to do than to take care of the particular assignments which are made to it by Congress. In other words, they have ample time to sit and listen to the contesting parties on the subject of river development.

Let us consider a case such as the one before us today. The questions raised by the proponents of the high Hells Canyon Dam, a Federal dam, and the proponents of another system, were heard by the Commission. The Idaho Power Co., a private utility, filed with the Federal Power Commission, under the law, a petition to have their proposal considered. Then the Federal Power Commission, with its staff of experts and lawyers and engineers and power-rate people and other specialists, listened carefully to the evidence, and it considered fully what would be the best thing to do and what would be to the greatest advantage to the Government and to the people and in the interest of a comprehensive development of the river system. All the facts were considered.

Since all the interested persons cannot come to our committees, because we do not have the time to hear them, a Government agency like the Federal Power Commission does that work for Congress. After all, we have to consider not only reclamation legislation, and other legislation dealing with matters within our country, but we must consider legislation for practically the half of the world, it seems. The Federal Power Commission is the arm of Congress and is the agency which fully considers matters related to the subject of power. That certainly was done in this particular case.

Mr. GOLDWATER. Yes. The Senator is anticipating my next few sentences.

Mr. WATKINS. I am sorry, but I think that ought to be emphasized time and time again.

Mr. GOLDWATER. I thank the Senator.

Mr. WATKINS. What the proponents of the Hells Canyon Dam are now proposing is that we overrule the Federal Power Commission, after that Commission made one of the most thorough investigations a commission could make.

Mr. GOLDWATER. I thank the Senator for that observation. I am not going to go into all the questions of how much power can be generated under one plan as against another or what the cost of that power will be. I covered that subject completely last year in my speech in the CONGRESSIONAL RECORD, volume 102, part 10, pages 13014 and those that follow.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. WATKINS. I should like to ask the Senator if he would be willing to have his speech reprinted in the RECORD at this time, for the information of Senators?

Mr. GOLDWATER. The Senator from Arizona would be very happy to do so. However, I should like to tell the Senator from Utah a little secret. If the debate becomes prolonged, I may wish to use the speech again, because the situation has not changed. However, I shall be very happy to have it printed in the RECORD at the conclusion of my remarks.

Mr. President, I ask unanimous consent that that be done.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GOLDWATER. Mr. President, there is no reason for repeating those facts, which were well documented at the time I presented them to the Senate. The Federal Power Commission, with experts on this sort of thing, had 12 months of public hearings and compiled a record of more than 20,000 pages of testimony on this subject, and then decided that the Idaho Co. plan and not the Federal

development was best adapted to a comprehensive development of the river.

The FPC was severely criticized for not issuing a license to the company until August 4, 1955, which was after Congress adjourned, although it had decided to issue the license while Congress was still in session. I, for one, have no criticism of the Commission on that ground. A bill to authorize a Federal development was pending before the Congress. If FPC had then rendered its decision that the company plan was best, that alone would have greatly diminished whatever chance the Hells Canyon bill might have had of obtaining Congressional approval. Then the Commission could have been accused, with some justification, of trying to influence the Congress. But as it was, the Commission's delay should have been appreciated rather than condemned by the proponents of a Federal development.

But that is not all that FPC has been charged with, Mr. President. They have been quoted with approval in one breath and condemned in the next. When quoted they were quoted out of context, of course, which left an erroneous impression of their findings. As I said before, I do not wish to burden the Senate with a rehash of all this argument, but if not familiar with the facts, I urge the Senators to read my speech of July 17, 1956.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. WATKINS. Is it not a fact that in the committee report, by the majority of the Committee on Interior and Insular Affairs, instead of quoting from the Federal Power Commission's decision, most of the quotations are from the hearing examiners?

Mr. GOLDWATER. The Senator is correct in that statement.

Mr. WATKINS. It seems to me that would be like someone quoting from a committee recommendation, as against quoting from the final decision of the Senate itself on an important matter.

Mr. GOLDWATER. The two cases would be exactly the same.

Mr. WATKINS. In other words, what the proponents are saying is that the opinion of the Committee on Interior and Insular Affairs is the important thing, and that what the committee found is the sound position, but that what the Senate itself decided to do in the way of proposed legislation which had been reported by the committee—the final decision by the Senate—is not so important as the recommendation of the committee. That would be a fair comparison, would it not?

Mr. GOLDWATER. I think that is a very fair comparison.

Mr. President, inasmuch as that speech has already been ordered to be printed in the RECORD at the conclusion of my remarks, I shall not read the speech again, unless it becomes obvious that the facts are needed to be restated on the floor.

Now, Mr. President, the latest furore raised in connection with this subject is over the fact that the Office of Defense Mobilization issued so-called rapid amortization certificates to the Idaho Power Co. on April 17, 1957, permitting them to accelerate depreciation for tax purposes only on a part of the cost of their development.

I believe most Senators are aware of the fact that the Idaho Power Co. addressed a telegram to Mr. Gordon Gray, Director of the Office of Defense Mobilization, declining its tax amortization certificate. Reference to that fact was made in this morning's newspapers. However, I wish to read the opening sentence of the telegram, because I believe it highlights the whole matter. I quote from the telegram:

"To eliminate further beclouding of the real issues involved in the pending Hells Canyon legislation"—then it lists the reasons for their declining the tax amortization, which has been enjoyed by 21,000 other corporations and firms in the country.

I say that is important, because the real issue in the controversy is public versus private power. I am happy, now that we can get back to that issue.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. BARRETT. At the outset, let me commend the Senator for the splendid statement he is making today. Idaho Power Co. was very fair and quite wise in removing the cloud of the rapid-tax amortization controversy from the main issue, which is the construction of three dams on the Snake River by private industry, without expense to the Federal Government.

Personally, I think Congress is obligated to take a good look at the authority for rapid-tax amortization. As a matter of fact I think that provision of law has outlived its usefulness and should be repealed. But the Senator from Arizona is eminently correct when he says that more than 900 utility companies have taken advantage of that provision of the law, without complaint having been made by any Member of the Senate, so far as I have been able to ascertain. Furthermore, 20,000 corporations have been granted the same privilege.

Moreover, it seems to me that despite all the discussion with reference to rapid tax amortization, no mention has been made of the fact that any company, under the 1954 Revenue Act, as a matter of right and as a matter of law, can obtain rapid-tax amortization merely by filing a return with the Internal Revenue Service to that effect. As I understand, under the provisions of section 167 of the Internal Revenue Code of 1954, the applicant can use a rapid-tax amortization based on the sum of the year's depreciation for income-tax purposes and thereby will accomplish somewhat the same result, although probably not exactly the same as was allowed in this instance by the Federal Power Commission and the Office of Defense Mobilization.

I commend Idaho Power Co. for removing this cloud from the controversy at the present time, so that we can proceed on the real merits of the case and seek to uphold the decision of the Federal Power Commission, an impartial body created by Congress, which, as the Senator from Arizona has well pointed out, held 160 days of hearings and took 20,000 pages of testimony.

I commend the Senator from Arizona again for his excellent presentation.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. WATKINS. Since the telegram from the Idaho Power Co. has been mentioned, it seems to me it would be very appropriate to place it in the RECORD at this point.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the telegram be printed at this point in my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

BOISE, IDAHO, *June 20, 1957.*

Mr. GORDON GRAY,
Director, Office of Defense Mobilization, Washington, D. C.:

To eliminate further beclouding of the real issues involved in the pending Hells Canyon legislation, Idaho Power Co. notifies you that we hereby decline to exercise any right under ODM Certificates No. TA-NC 26407 (Oxbow) and TA-NC 26500 (Brownlee), and are returning the certificates to you by registered mail for cancellation.

We most sincerely believe that neither yourself or members of your staff, nor any industry, or company, should be subjected to criticism for issuance or acceptance of these certificates in accordance with the law. Any criticism of the granting of these certificates should be directed against the law itself, rather than toward the agency administering that law or a certificate holder who has qualified under that law. If the provisions of the Internal Revenue Code, which authorize this amortization procedure, are no longer of value to the Nation, they should be appropriately amended or repealed.

We submit that both the Oxbow and Brownlee projects were fully qualified for certification under all criteria and procedures established under the Internal Revenue Code and Office of Defense Mobilization regulations. The importance of these projects to the needs of not only Idaho but to the entire Pacific Northwest, including industries and installations vital to national defense, should be fully apparent in view of the admitted and serious power shortage which exists, and the fact that our projects will make available large power surpluses by the winter of 1958 to satisfy these shortages. No other source of electric supply can be so quickly provided.

The record is clear that Idaho Power Co. has repeatedly made known its position regarding accelerated amortization certificates. Our applications for these certificates were filed nearly 4 years ago in 1953, and our intention to qualify for certification, if available, has been consistently and repeatedly made clear to the Federal Power Commission, the courts and, especially during last year's debate, before the Congress itself. As we did in recent voluntary appearance before Senate subcommittee, we again most emphatically deny that any true basis exists for any claim that this company has at any time failed to make known its intention to obtain certification if we were found to qualify.

We now reject both the Brownlee and Oxbow certificates so there can be no diversionary questions pending to direct attention away from the merits of our licensed projects now under construction. Those merits were fully established by the Federal Power Commission, and the Commission's decision has been sustained by the highest court in the land.

T. E. ROACH,
President, Idaho Power Co.

Mr. WATKINS. Mr. President, I should like to call attention to some of the statements which are made in the telegram. For instance, in the second paragraph of the telegram to Mr. Gordon Gray, Director of the Office of Defense Mobilization, Mr. T. E. Roach, President of Idaho Power Co., stated:

> We most sincerely believe that neither yourself or members of your staff, nor any industry or company, should be subjected to criticism for issuance or acceptance of these certificates in accordance with the law. Any criticism of the granting of these certificates should be directed against the law itself, rather than toward the agency administering that law or a certificate holder who has qualified under that law. If the provisions of the Internal Revenue Code which authorize this amortization procedure are no longer of value to the Nation, they should be appropriately amended or repealed.

Would the Senator from Arizona like to comment on that paragraph?

Mr. GOLDWATER. I will comment only in this way: If tax amortization certificates are no longer needed, if they should not be given in time of peace, then the act should have been terminated after World War II. If it was necessary to start the procedure again for the Korean war, it should have been stopped again after the Korean war. But the fact of the matter is that it was never stopped. I know of only one piece of proposed legislation which has been directed toward the cessation of those certificates, and that is at present being considered by a committee of Congress.

Mr. WATKINS. Is that the one in the Senate?

Mr. GOLDWATER. That is the one in the Senate.

Mr. WATKINS. Is that the proposal of the Senator from Virginia [Mr. BYRD]?

Mr. GOLDWATER. That is the proposal of the Senator from Virginia.

Mr. WATKINS. That does not actually provide for stopping the issuance of the certificates; it merely redefines more narrowly the conditions under which the certificates shall be issued.

Mr. GOLDWATER. That is the point. The opponents of the tax amortization certificates given to Idaho Power Co. have had many more years than I have had to introduce proposed legislation to stop their issuance.

As I said in my remarks on the subject earlier, I am not in favor of rapid tax amortization in peace time. On the other hand, so long as provision to that effect is a part of the law, I actually feel that the stockholders of any corporation have a right to go before their board and complain if the corporation fails to take advantage of what is the law of the land. I do not condone the law; I should like to see the law either tempered, modified, or repealed in time of peace. Nevertheless, in this instance an American company took advantage of the law.

Mr. WATKINS. I call attention to the fact that the Senator has mentioned a large number of companies which have been given the amortization certificates. The Senator was referring, I take it, to utilities.

Mr. GOLDWATER. No. The Senator again is anticipating my next paragraph. But I shall mention in my statement that of the 22,000 certificates which have been issued, more than 900 were issued to the utility industry.

Mr. WATKINS. On page 9640 of the CONGRESSIONAL RECORD of June 19, 1957, there appears a table entitled "Tax Amortization for Power Company Certificates of Necessity Issued for Electric Facilities." The listing is by States. Everything is stated in detail. The listing covers several pages of the RECORD. It is astounding to see that these certificates have been issued to the electric power utilities of practically every State in the Union, with the possible exception of one—not to all the companies, but, at least, to some of them. That went on in the Truman administration, and the policy has been carried on in the Eisenhower administration, as well.

For instance, I find that in 1956 some 15 certificates were issued to utilities in Virginia. I never heard a single protest about any of them.

Mr. GOLDWATER. The Senator is correct. I think there is only one State in the Union in which some of these certificates have not been granted to utilities. I am not certain which State it is.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. KEFAUVER. I point out to the Senator from Arizona that counsel for the Idaho Power Co. and other persons have stated that the company expected to build the proposed dams without cost to the Government. Mr. Roach stated he had only a faint hope of getting the tax amortization certificates when he filed the application for a license with the Federal Power Commission. Indeed, the Federal Power Commission named as one of the considerations that the dams would be built without cost to the Government.

We find that after the Idaho Power Co. got the license, they increased their efforts to get a certificate, and did exactly what some of the officials of the company had said they were not going to do, when they said the dams would be built without cost to the Government. So immediately before a vote in the Senate, they have again reversed themselves, apparently for the purpose of trying to get more support in the Senate.

The point is that a mere statement from Mr. Roach does not indicate or assure anyone that when it comes to preparing the tax return for the Idaho Power Co. in 1960, he will not again reverse himself and claim the benefit which he has a right to elect.

Mr. GOLDWATER. I think the Senator from Tennessee is stretching his imagination quite a bit when he seeks to determine what Mr. Roach will do in 1960. I do not know Mr. Roach personally, but I have every reason to believe he is an honorable man. I do not think he would try to do anything dishonorable.

I do not believe the Senator from Tennessee can charge that there has been anything illegal about the procedure. It has been done perfectly in accordance with the law.

I do not believe the Senator from Tennessee can say there has been anything immoral in connection with the procedure. It has been done under the laws of the United States. There was no conniving that we have learned of. There was no pressure that has been proved, or that we know of. In other words, a company came to the United States Government in 1953, 4 years ago, and made application for the certificates. The certificates were granted only a few months ago.

At the time, as the Senator from Tennessee knows, I was critical, as I have been openly critical of the tax-amortization certificates ever since the war with Korea was finally brought to a close.

Mr. KEFAUVER. I cannot agree with the Senator from Arizona that Idaho Power Co. has not been talking out of both sides of its mouth.

Mr. GOLDWATER. The Senator from Arizona did not make such a statement as that.

Mr. KEFAUVER. I cannot agree that Idaho Power Co. has been dealing openly and above-board about the matter of the certificates.

First, the company said if the dams were built by it, they would not cost the Government anything. Nevertheless, the company obtained the certificates, which—according to Mr. Rainwater, of the Tax Commission—would cost the taxpayers $83,500,000.

But now, on the eve of the vote, the company issues a press release again changing its position, and saying it is giving up something of great value to it—in an apparent effort to persuade the United States Senate today. But until the certificates have finally been canceled—and they have not been canceled—and withdrawn by the Office of Defense Mobilization, and until the board of directors of the Idaho Power Co. has acted, we have no assurance that in 1960, when the company has a right to use the certificates, it will not elect to use them, and again will not change its position on this matter, on some pretext or another.

Mr. GOLDWATER. Again, I call attention of the Senator from Tennessee to the first paragraph of the telegram: "and are returning the certificates to you by registered mail for cancellation."

If the Senator from Tennessee wishes to call Mr. Gray, I suggest that about tomorrow or the next day the certificates ought to reach Washington; and then the Senator from Tennessee can satisfy himself as to their location.

Mr. BARRETT. Mr. President, will the Senator from Arizona yield to me?

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). Does the Senator from Arizona yield to the Senator from Wyoming?

Mr. GOLDWATER. I yield.

Mr. BARRETT. In reference to the colloquy the Senator from Arizona has had with the Senator from Tennessee, let me say that the figure the Senator from Tennessee just stated—namely, $83,500,000, as testified to by Mr. Rainwater, when he appeared before the committee of the Senator from Tennessee—is based on compound interest. So I asked the Federal Power Commission to compute the figure, based on simple interest at 3½ percent. Today, I have received from the Federal Power Commission a letter

in which the computed interest is stated. The letter states that on the basis of simple interest, at 3½ percent, the figure is $26,699,045, rather than the $83,595,827 testified to by Mr. Rainwater and computed on the basis of compound interest, rather than simple interest.

I submit it is only fair to state the figure on the basis of simple interest. Although the question is moot at this time, nevertheless it is proper, in my opinion, to state that the figure should have been stated as $26 million, rather than $83 million.

Mr. KEFAUVER. Mr. President, on that point, will the Senator from Arizona yield to me?

Mr. GOLDWATER. I yield.

Mr. JOHNSON of Texas. Mr. President, we are very anxious to have a vote reached today. Although we do not wish to have debate limited, and although we wish Senators to speak for as long as they desire, nevertheless usually the Senators who speak during the day are not present in the evening. Therefore, I wish to announce that I desire to have the Chair enforce the rule that Senators who have the floor may yield for questions only.

Mr. GOLDWATER. This is the first opportunity the opponents of the bill have had to make their presentation.

Mr. JOHNSON of Texas. We wish all Senators to have ample opportunity to make the speeches they desire to make, and to yield for any questions which other Senators may wish to ask them.

Mr. GOLDWATER. Mr. President, by some queer coincidence, around 22,000 such certificates had been issued to many types of industries that contribute to national defense. Over 900 of them had been issued to the utility industry, and there had not been any fuss about it. But, Mr. President it was a different story when the Idaho Power Co. got one for its Snake River development at Hells Canyon. I shall deal with this tax amortization feature, even though the company has sent back its certificates. Until I read of the matter in the morning newspaper, I did not know of that action on the part of the company. However, I think it would be improper to allow some of the charges which have been made to go unanswered, because they touch on American business, not merely on the Idaho Power Co.

The President was compared with Dave Beck, and was accused of stealing from the taxpayers. The matter was called a rape of our resources, a perversion and prostitution of our tax laws, a big bonanza for private industry, grand larceny on the American public; and any number of other slanderous accusations were made. Why did this provision of the law—which was sponsored, enacted, and administered under a Democratic administration, years before—become so terrible all of a sudden, when the Idaho Power Co. got one of the more than 22,000 certificates which have been issued to industries all over the country?

Before going any further, Mr. President, let us have a clear understanding of just what this law is all about. The accelerated amortization program has a long history. It was used during two World Wars. Most recently, it was used as a defense incentive during the Korean War and the cold war period which still exists. President Truman, in his midyear economic report of July 26, 1950, under the summary of legislative recommendations, said:

> To expedite the production of certain commodities needed for the military and for adequate stockpiling, and to guard against a dangerous shortage of these materials in the event of any emergency calling for further expansion of our military efforts, a program should be adopted which provides loans and incentives for the expansion of capacity, for technological developments, and for the production of essential supplies (pp. 14–15).

That is the reason for our accelerated amortization law, Mr. President: to provide that incentive, so as to encourage industry to build the surplus capacity for production needed during an emergency. Electric power is a very essential part of our production capacity, for without it the wheels of all industry would be at a standstill. Mr. President, if the period of emergency has passed, we certainly are wasting a great deal of the taxpayers' money by maintaining our large military establishment. It is true that from time to time we may catch up with our requirements in the case of certain industries; and when we do, we should suspend the rapid amortization for that industry, until again we fall behind. But, as I shall show later, electric power in the Northwest is not in that category at present.

The law, as passed by Congress in 1950, states:

> Every person, at his election, shall be entitled to a deduction with respect to the amortization of the construction cost of an emergency facility. Such amortization deduction shall be * * * in lieu of the normal depreciation deduction with respect to such facility.

Mr. President, I emphasize the word "shall," in the clause "every person, at his election, shall be entitled." That is the law, as passed by the Congress of the United States, and signed by President Truman. When Congress passed the Internal Revenue Code of 1954, it included the same tax provision, and it is still the law.

It is not my intention to argue the relative merits or demerits of the law at this time, except to say, as I have stated before, that I think it is a good law for the purpose it was designed to fulfill. But in my opinion it is not a law which should remain on the statute books when emergencies do not exist.

No one could expect prudent businesses to provide, at the expense of their owners, capacity in excess of that needed for their normal operations, unless there was some incentive for so doing. The American people cannot expect individual businesses to provide such capacity for the benefit of all, unless the people are willing to encourage them to do so by providing some sort of incentive.

Of course, the Government could build this excess capacity itself; it could give business grants of tax funds with which to build it; it could guarantee to take the output of the plant over a period of years at a certain price; or it could offer the rapid amortization incentive as under the present law.

Unless we want to revert to the government-ownership system of some of the countries we now support, it would seem to me that the rapid tax-amortization method of providing capacity for national emergencies is far superior to other methods, because it more nearly conforms to our American free-enterprise system. It will harness the full power and strength of American industry; it saves capital investment of tax funds; it provides capacity that will produce, rather than consume, tax funds; and private industry can build, maintain, and operate the facilities, along with their other facilities, much more economically than could the Government.

Yes, Mr. President, I am sure that rapid tax amortization incentive provides the facilities needed for national defense at much less cost to the taxpayers than any other method we can employ. It may be that the need for such a program, or a part of it, no longer exists. If so, we should repeal the law; but that is a question which should be thoroughly explored with those responsible for maintaining our national defense at an adequate level. In the meantime, we have no right to crucify a private utility company for complying with the law, just because it has stepped on the pet ideology of some "Government-or-nothing" power boys.

Mr. President, before I conclude, I shall discuss some of the idiotic figures of cost to the Government and benefit to the company that have been bandied around in connection with the Idaho Power Co. case; but at this point I want to make it crystal clear that no taxes are forgiven by the rapid tax-amortization method. The recipient of the certificate simply pays less taxes during the first 5 years than it would pay under normal depreciation methods, and pays higher taxes during the remaining useful life of the facility. The Government collects the same amount of taxes in the end.

Mr. BUSH. Mr. President, will the Senator yield, or would he prefer to continue with his statement?

Mr. GOLDWATER. I yield to the Senator from Connecticut.

Mr. BUSH. I should have asked the Senator the question before he opened up a new subject, but I was very much interested in what he was saying about the desirability of having private industry develop power. I should like to ask the Senator a question on the subject. In order that I may develop my question, I desire first to read from the Republican platform of 1956. This is a very brief quotation:

> On its centennial, the Republican Party again calls to the minds of all Americans the great truth first spoken by Abraham Lincoln:
>
> "The legitimate object of government is to do for a community of people whatever they need to have done but cannot do at all, or cannot so well do, for themselves in their separate and individual capacities. But in all that people can individually do as well for themselves, government ought not to interfere."

I ask the Senator if such a case is not one to which this issue specifically and directly applies.

Mr. GOLDWATER. The distinguished Senator from Connecticut, who was chairman of the platform committee of the Republican convention, could not have chosen a better example of what the Republican platform specified, nor could he have chosen a better example to offer to keep the party in consonance with the thinking of Abraham Lincoln.

Mr. BUSH. Is it not true that government participation is completely unnecessary at this time? There is no necessity whatever for the Federal Government's barging into the Hells Canyon situation, because there is a private organization ready, willing, and able—financially and in every other way—to do the job and provide electric energy. Is not that so?

Mr. GOLDWATER. It is not only so, but the first dam is nearly half completed. The second dam is under construction. The two dams will be completed by 1958, and power will be in the lines by the end of that year.

Mr. BUSH. The Senator will recall that when he and I ran for office together in 1952, one of the pledges we and the President made was that we would try to get the Government out of business as much as we possibly could. I remind the Senator, as he already knows, I am sure, that because of the efforts of the administration, the Government has gotten out of 500 business enterprises, some of them substantial, indeed, such as the artificial rubber plants. I ask the Senator if it is not highly inconsistent with that kind of progress to put the Government back into a very large business enterprise, when there is absolutely no necessity for it.

Mr. GOLDWATER. I could not agree more with the Senator from Connecticut. I may say that the partnership program of the administration is working, and will continue to work, in relation to power needs; but there certainly is no necessity at the present time for the taxpayers of the Nation to be asked to pay for the construction of a high dam in the reaches of the Snake River. I might say, for the information of the Senator—this information is a year old, and since the cost of living is going up, the figure would be slightly higher now—if the Government built the high dam at Hells Canyon, it would cost the people of Connecticut $5,968,000. Can the Senator from Connecticut imagine any benefit that might accrue to the people of Connecticut from a dam built on the border of Idaho and Oregon?

Mr. BUSH. I believe the cost to the people of Connecticut would be more than $10,000,000. And I might say to the Senator the enthusiasm for this project in the State of Connecticut is exceedingly cool, and the enthusiasm for it is so well controlled that it might be called nonexistent.

I congratulate the Senator for the splendid address he is making.

Mr. THYE. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. THYE. Of the three dams proposed to be constructed by the Idaho Power Co., which two dams have been authorized? Are they the 2 larger of the 3 dams in question?

Mr. GOLDWATER. They are the two smaller dams.

Mr. THYE. The rapid tax amortization or writeoffs were first approved for the two smaller dams. Now, according to the newspapers of this date, the Idaho Power Co. has rejected the privilege of using the rapid tax writeoff. The question is, Will we be confronted with the same question when the third dam is considered, and will there be a possibility of granting a rapid tax writeoff on the third dam?

Mr. GOLDWATER. I cannot answer the Senator. I wish I could. Not knowing the persons in high office in the company, I do not know what they have in mind. I will say this to the Senator, however, as I said earlier: If the law is still on the books, or substantially so, I would think any American corporation would be derelict in its duties to its stockholders if it did not apply for a rapid tax writeoff. I have no idea what the Idaho Power Co. intends to do as to the third dam. I have only a copy of the telegram and a copy of the newspaper, which show that the two certificates are being returned to the Office of Defense Mobilization.

Mr. THYE. It must have been disturbing to the Senator from Arizona, as it was disturbing to me, when the Defense Mobilization Director granted the certificate for a rapid writeoff of taxes on the two projects which had been approved. I personally voted for the Idaho Power Co. when I opposed the proposed legislation that was before the Senate a year ago, which would have authorized a high Federal dam.

I will be perfectly frank and state that when I learned about the rapid tax writeoffs, I had made up my mind that I was going to vote for S. 555. I am now trying to determine, on the floor of the Senate, whether there is any justification for my changing my opinion, because I was greatly disturbed to think that the Idaho Power Co. had gone so far as to obtain fast tax writeoffs when it had preempted a wonderful power site at Hells Canyon for its own private power development. For the power developed the utility company would be able to charge rates which would cover the company's cost of the project and all the costs of depreciation which might be involved. In addition to that, the company was to get the benefit of a rapid tax writeoff. That fact was so disturbing to me that I had deliberately made up my mind to vote against the project of the Idaho Power Co.

Now we are confronted with the statement that the company is going to deny itself the benefit of the fast tax writeoff. I frankly state to the Senator that I am trying to make up my mind whether there are facts which would justify my continued support of the Idaho Power project, because I am in favor of private enterprise in this American system of ours. I am not, however, in favor of giving the American private enterprise system in any sense get the benefit through the government, of taxpayers' dollars.

Mr. GOLDWATER. I am happy to hear the Senator from Minnesota state his openmindedness on this subject. I sincerely hope the explanation I shall make will convince him the charges which have been made on the tax amortization case are a little on the idiotic side.

To get down to some of the specifics in the Idaho Power Co., one of the most ridiculous charges made in this connection is that Congress was deceived a year ago when it killed the Hells Canyon bill because Congress was led to assume that the Idaho Power Co. was going to build these dams without cost to the United States and that it did not intend to obtain rapid amortization certificates. In the first place, the company is building these dams without cost to the United States. Not one single dime of appropriation has been sought. The dams are being financed completely and entirely with moneys raised by the Idaho Power Co. The charge that rapid amortization results in cost to the United States is a question I intend to pursue later, but the charges that Congress did not know anything about the Idaho Power Co. having requested rapid amortization certificates of ODM were discussed numerous times on the floor of the Senate by Senators who voted both for and against the Hells Canyon authorization bill. I, myself discussed the matter on July 18, 1956, as appears in the CONGRESSIONAL RECORD, volume 102, part 10, page 13014. So the Senate, Mr. President, was not in ignorance of the fact that the company had requested certificates.

The charge has also been made that FPC, when considering the company's application for license, had no knowledge of the fact that the company was trying to obtain such certificates. This charge, too, has no foundation in fact. In December 1953 the president of the company testified that not only had applications been filed with ODM with respect to Oxbow and Brownlee projects, but he also testified that if rapid amortization were available, the company would certainly take advantage of it. At one time he did say that he had faint hope of receiving certificates, and for very good reason. At the time he made the statement the electric power "goal" had been temporarily suspended and, since there was so much interference and delay because of opposition to the company license from FPC, it was doubtful to him that he would receive licenses in time to complete construction under the ODM deadline. But there was never any concealment of the fact before either Congress or the FPC that the Idaho Power Co. had made request for certificates and would use them if issued.

When testifying before a Senate committee on May 31, 1957, the Chairman of the FPC, Mr. Kuykendall, was asked this question by the Senator from Illinois [Mr. DIRKSEN]:

> When you issue a license, there is no requirement on the FPC insofar as I know that you take into account whether or not at some future time a licensee is going to make application for a rapid amortization certificate. Does that enter into your consideration at all

when the matter of issuing a license is before the Commission?

Mr. KUYKENDALL. No; it does not and did not in this case enter into our considerations at all.

Senator KEFAUVER. Does it at any time with respect to any project?

Mr. KUYKENDALL. None that I know of.

Mr. KEFAUVER. Is there anything in the law under which you operate that makes it necessary for you to give attention to that factor?

Mr. KUYKENDALL. No, there is nothing that I am aware of.

Mr. Kuykendall later stated to the committee, when discussing cost to Government:

Of course, what we were really talking about was that there would have to be no appropriation from the Federal Government for these projects to be built.

The Senate Subcommittee on Antitrust and Monopoly, under the chairmanship of the Senator from Tennessee [Mr. KEFAUVER], has tried to make a great deal out of the fact that the company did not definitely schedule completion of Oxbow until after the Supreme Court decision. There is nothing strange to me about the fact that the company did not rush headlong into construction of the Oxbow development with an appeal pending before the Supreme Court, until it had some assurance that it would not be stopped from building the project. Otherwise the company could have spent a great deal of money for which it might not have been reimbursed if the Court decided its license was not legal. As soon as the Supreme Court decision was handed down, the company proceeded to schedule its second dam for completion during 1958, which qualified it for a rapid amortization certificate. Personally, I cannot see what the committee is driving at. Under the regulations laid down by ODM there is a certain completion date required. The company is endeavoring to comply with that completion date. If it does not, of course, it cannot use its rapid amortization certificate.

The committee has also made a great deal, Mr. President, of the fact that the Secretary of the Interior recommended against issuance of certificates to the Idaho Power Co. He did, Mr. President, but his recommendation was not directed at the Idaho Power Co. There was no contention on his part that the Idaho Power Co.'s facilities did not meet the criteria laid down by ODM, and therefore did not rate a certificate. The Secretary's objection was to the ODM criteria. Of course, the responsibility for setting up the criteria was in ODM, and not in the Interior Department. There could be many opinions on the criteria. One can no doubt go to other agencies, such as the Defense Department, and find complete accordance with the criteria. ODM certainly believed in it, or it would not have established it, and, after all, it was the agency under the law that carried the responsibility.

If the Idaho Power Co.'s construction met the criteria as laid down by ODM—and ODM said it did, or it would not have issued the certificates—the company would have been derelict in its duties to its consumers if it had not applied for the certificates. In fact, the State Commission under which the company operates could and should have severely censured the company for not taking advantage of any tax benefits under the law.

There have been charges that, regardless of cost or benefits, there was no justification for issuing certificates on these Idaho Power Co. dams because the company would have built them anyway. In this connection, Mr. President, I wish to point out that the FPC did not permit the company to follow its own program of construction which it presented to the Commission. The company intended to build the Oxbow plant first. Oxbow would have taken care of the company's existing needs. The company then intended to build the Brownlee plant. In its license order, however, the FPC changed this order of construction completely around. Because of the value of the million acre-feet of storage which the Brownlee Dam would provide for power, flood control, and navigation purposes, the Commission required that the Brownlee Dam be constructed first. Brownlee had twice the power capacity of Oxbow and required more than twice as much capital investment. The fact that Oxbow would have taken care of the company's immediate requirements, and the company was required to build another development which would provide twice as much power as Oxbow, certainly establishes the fact that the company was being required to build in excess of its immediate requirements, thereby making additional capacity available to the area. Now then, the company has scheduled Oxbow for completion at the same time as the Brownlee development, which means just that much more capacity in excess of the company's requirements for the Northwest area. In other words, Mr. President, the company is bringing in more than half a million kilowatts of new power in an area where a critical shortage now exists.

Mr. THYE. Mr. President, will the Senator yield for another question?

Mr. GOLDWATER. I am happy to yield for another question.

Mr. THYE. When does the Idaho Power Co. expect to put in the third installation?

Mr. GOLDWATER. I am sorry I cannot answer that question. Perhaps the Senator from Utah [Mr. WATKINS] is able to answer it. The question is, When does the Idaho Power Co. intend to put in the third dam?

Mr. WATKINS. As I understand the testimony, that installation will be constructed just as soon as the demand justifies its being put in. It is definitely a part of the program approved by the Federal Power Commission. A certificate on that installation was not issued at the time the other two certificates were issued, because the two dams, Brownlee and Oxbow, will take care of the load for a number of years.

Of course, it is a pretty heavy burden on a company to finance three low dams at one time. They are not small dams, by any manner of means. The third installation will come along just as soon as the point is reached where demand will justify it.

Mr. THYE. I thank the Senator.

Mr. GOLDWATER. I thank the Senator from Utah for answering the question.

Mr. WATKINS. Mr. President, if I may add one comment, that dam probably will be one of the largest contributors of power when it is actually constructed. It will be built somewhere near the site proposed for the high Hells Canyon Dam.

Mr. THYE. Mr. President, may I make one further inquiry, in view of the statement of the Senator from Utah? Why has the company not proposed to construct the highest installation as the first construction project?

Mr. GOLDWATER. I thought I covered that, but possibly I did not cover it clearly enough. They are building only what they require for current needs. It is very difficult for a utility company to finance for anticipated needs. It is even difficult, as the Senator from Utah knows, for the Federal Government to decide the distribution of power where a Federal dam is being built when the call or demand is not already there.

I think the Idaho Power Co. is following perfectly good business practice by building the two dams they are now constructing. I have been in that canyon. In fact, last year, when I was on duty with the Air Force at Boise, I flew down the entire length of the canyon.

I am not an engineer, but the Oxbow Dam is the one I would have constructed first, as the power company desired, because they already have a small power unit there, and there is a natural sharp curve in the river which would make construction of the dam and production of energy from falling water a little easier.

As I related, the Federal Power Commission made them reverse the order of construction.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. WATKINS. I think the principal reason why the Idaho Power Co. is building the dams as they are is that that was the requirement of the Federal Power Commission. The Federal Power Commission thought that ought to be done, and required the Idaho Power Co. to build Brownlee Dam first. Actualiy, the other dam site will not be as high as the Brownlee Dam, but because of its location it will produce a great deal of power, which will bring up the total of the power that will finally be produced under the three-dam program.

Mr. THYE. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. THYE. The Senator from Utah stated that the Federal Power Commission had demanded that the company build the dams in a certain order. Did not the Federal Power Commission have before it the applications on which it was acting, and would it be within the prerogative of the Federal Power Commission to direct a private utility where to build, when to build, and how much to con-

struct? That seems a little out of its jurisdiction, in my opinion.

Mr. GOLDWATER. Let me repeat what I said shortly before the distinguished Senator asked his question.

I wish to point out that the FPC did not permit the company to follow its own program of construction which it presented to the Commission. The company intended to build the Oxbow plant first. Oxbow would have taken care of the company's existing needs. The company then intended to build the Brownlee plant. In its license order, however, the FPC changed this order of construction completely around.

These are the reasons which were given: Because of the value of the million acre-feet of storage which the Brownlee Dam would provide for power, flood control, and navigation purposes, the Commission required that the Brownlee Dam be constructed first. Brownlee had twice the power capacity of Oxbow and required more than twice as much capital investment.

The Federal Power Commission does have such authority, and uses it quite often.

Mr. THYE. In other words, the Commission took into consideration the factor that the one installation would afford greater flood-control protection?

Mr. GOLDWATER. And control of navigation, which comes within its jurisdiction.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. NEUBERGER. I believe that the distinguished Senator from Minnesota asked about the third proposed dam of the company's trio. Is that correct?

Mr. THYE. That is correct.

Mr. NEUBERGER. I should like to read to the Senator from Minnesota and the Senator from Arizona what the Federal Power Commission actually said about the third dam, which, I think, would be a slightly more accurate answer, even, than the speech of the Senator from Arizona.

Mr. GOLDWATER. The Senator from Arizona has not touched on the third dam.

Mr. NEUBERGER. I believe the Senator from Minnesota asked about the third dam.

Mr. THYE. I did.

Mr. GOLDWATER. And I believe he got an answer.

Mr. NEUBERGER. I should like to read what the Federal Power Commission had to say with respect to the situation at Hells Canyon:

> If a sufficient load does not develop to justify construction of low Hells Canyon within the time limits imposed in the license, the Commission may either extend the time for construction or terminate the license for that project, whichever is in the public interest at the time the matter is under consideration.

So the Senator from Minnesota certainly can see that there is no definite assurance that the third dam will be built at all.

Mr. GOLDWATER. I thank the Senator from Oregon for supplying that information, because it does more accurately answer the question of the Senator from Minnesota. I think it further points up the flexibility in the situation. If the company does not fulfill the requirements under the order, construction of the third dam can be denied.

I may say, judging from our experience in the West, that as the demand for electric power develops, the company will be in a position to know whether or not it would be justified in going ahead with the third dam, and so will the Federal Power Commission.

Last January, with only 24 hours' warning, the Bonneville Power System was forced to drop completely all of the interruptible industrial loads in Oregon and Washington—490,000 kilowatts. That power cutoff required the shutdown of 17 plants owned by 13 of the largest industrial firms in the Northwest. These were all strategic metal industries and it is my understanding that it was weeks before these plants were finally back in service. That was because of a power shortage, Mr. President—a half million kilowatt power shortage, if you please—that exists today, not sometime in the future, but right now. Can you picture, Mr. President, the effect upon this country, upon the American people, if that had happened during war or other national emergency?

But the public power people out there say, "What's the difference?" After all, it was only supposed to be interruptible load and interruptible power that these industries were using in the first place. A fine answer, Mr. President. I suggest that they try to explain that one to the American people—to our soldiers, sailors, Air Force men, and marines—some fine day when the chips are really down.

Do Senators know why it was only interruptible power? It is because there is no other kind of power except interruptible power left out there in the Northwest—with its air bases, airplane factories, metal plants, and atomic energy installations. It is power which is available to essential defense industries only on an "if, as, and when we've got it" basis.

I point out that the Brownlee and Oxbow plants will add over 500,000 kilowatts of installed capacity to the Northwest system. The point is that if these two dams and powerplants had been in service last January, with half a million kilowatts of power in the Northwest system, of which the Idaho Power Co. is a part, that entire shutdown could have been prevented.

Mr. President, I ask unanimous consent to insert in the RECORD at this point a portion of a news article which appeared in the Portland Oregonian on January 27, 1957.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

POWER CUTBACK BY BPA SLOWS 17 BIG PLANTS

The mercury plunged toward the bottom of the thermometer throughout the Northwest Saturday, and was expected to come near the all-time low record of minus 3 degrees at Portland early Sunday.

The temperature dropped to 6 above shortly after 6 a. m. Saturday at Portland International Airport, where the area's all-time low of minus 3 was recorded February 2, 1950.

The temperature climbed back to 28 degrees in midafternoon, but had dropped back to 9 by 1 a. m. Sunday.

BPA CUTS OFF SOME

Among more serious effects of the prolonged cold snap were frozen water pipes, a power outage in the southeast Portland area and cutoff by Bonneville Power Administration of interruptible power to 17 plants owned by 13 Northwest firms. Largest are the three aluminum companies—Aluminum Company of America, Reynolds Metals Co., and Kaiser Aluminum Corp.

Alcoa announced closing of 2 potlines—1 at Vancouver and 1 at Wenatchee.

Donald H. Tilson, Northwest manager for Alcoa, said about 170 men will be laid off through shutting down of its 2 lines at 7 a. m. Sunday. The 2 plants employ a total of about 2,800 men.

Reynolds Metals Co. Saturday night was in the process of taking one potline out of production at its Troutdale plant. Half a line dropped Saturday at the firm's Longview plant and the rest of the line was being taken out of production Saturday night.

LAYOFFS TO FOLLOW

The Troutdale line represents about 25 percent of the plant's capacity and H. W. Shoemaker, plant manager, said a proportional number of the plant's 920 employees would be affected. V. G. Kneeskern, manager of the Longview plant, said more than 100 men of the 515 employed would be affected there with one-third of the plant capacity down.

In Spokane, Kaiser Aluminum Corp. said it was considering closing one potline at its Mead reduction plant. About 200 men would be affected. Officials estimated that the Trentwood rolling mill there could continue for 10 more days with materials on hand.

The power cutbacks resulted from a situation in which power just wasn't available in any form. BPA originally had planned to stop all delivery of interruptible power at midnight Saturday, but had expected to replace it with provisional power from Hungry Horse Dam in Montana.

By Saturday morning, however, demands for power for such items as home heating had grown so heavy BPA cut 200,000 kilowatts from its interruptible powerload, a reduction of about 45 percent.

So heavy were demands on the system that the additional power could not be brought in from Hungry Horse. Bonneville Dam also reported that ice conditions at the intakes for water used to cool its generators forced a slowup in generation, costing the BPA system 70,000 kilowatts.

Spokesmen for both Alcoa and Reynolds pointed out that they could not obtain even the more expensive steam power to replace the hydroelectric from BPA.

Mr. THYE. Mr. President, inasmuch as the Senator has interrupted his statement to place something in the RECORD, will he yield to me again?

Mr. GOLDWATER. I yield.

Mr. THYE. The Senator stated that these two installations would provide half a million kilowatt-hours.

Mr. GOLDWATER. Yes.

Mr. THYE. And that that was the need at the time.

Mr. GOLDWATER. It is the need at the present time.

Mr. THYE. We know that the load is constantly increasing. We have the history of the TVA, and we have the history of utilities furnishing power in all sections of the United States. If the present need is 500,000 kilowatts, it is a certainty that in possibly 1, 2, or 3 years the need may very well be 1 million

kilowatt-hours, because the load increase can be expected to be that much.

For the first electricity I was privileged to buy, I thought $6 or $7 a month would be the maximum bill. Today it is not uncommon to receive an electric-power bill for $40 or $50. That represents the increase in the load factor in my case. That experience can be multiplied many times. We know what the TVA has demanded, because there has not been a year when we have not been faced with the question of firming up electric power with steam plants in that area.

The question is simply this: Would the 3 dams planned by the Idaho Power Co. furnish as much electricity, if the 3 dams were completed, as the 1 high dam would furnish if it were completed? I know that is a hypothetical question, because it involves three dams. However, we know the potential of the three dams, and we also have statistical information as to the potential of the high dam. Which of the projects—the high dam or the three dams—would ultimately generate the greater amount of electricity?

Mr. GOLDWATER. I may say to the Senator in answering that question that one can reach several conclusions. Let me give one answer.

The 3-dam plan would produce 1,175,000 kilowatts, while the proposed high dam would produce 900,000 kilowatts. I readily admit that if 5 additional dams were built downstream from the proposed Federal high dam, the difference would be about 17,000 kilowatt-hours in favor of the Federal high dam. It has been the contention of the junior Senator from Arizona that it would be wrong, in the first instance, to ask the taxpayers of the country to build the high dam. It would be doubly wrong to ask them to spend nearly $750 million for a difference of 17,000 kilowatts.

Mr. THYE. Mr. President, if the Senator will further yield, the positive engineering figures with respect to the high dam for Hells Canyon show that the single dam would generate 900,000 kilowatts, or less than 1 million kilowatts, and that the 3 dams of the Idaho Power Co., if all were installed, would generate 1,175,000 kilowatts. Are those the engineering figures?

Mr. GOLDWATER. Those are the figures available to me. However, as I stated in a speech last year, there are numerous figures for the high dam. The 3-dam system proposed would produce 1,175,000 kilowatts. With the completion of the Federal project, if it were ever completed—and it requires more than merely the high dam—there would be an increase of 17,000 kilowatts above the production of the 3-dam project. In my opinion, the production of the Federal project would be somewhere in the neighborhood of 1,900,000 kilowatts.

Mr. THYE. Mr. President, if the Senator will yield further, I should like to ask him another question. Assuming that the high dam were installed, would it be possible to install a series of smaller dams on the same river at a lower area in the canyon?

Mr. GOLDWATER. Oh, yes, certainly; the stream could be dammed. I am not an engineer, but I have visited it and I have flown over it, and I think that the other dams could be built. In fact, by a peculiar coincidence, the Senator from Minnesota asked me to yield to him almost a year ago on the precise question he is asking me now. I have been looking up the record.

Mr. THYE. I do not consider these questions lightly, because I know that electric energy is something the Nation must develop to the maximum potential of all the hydroelectric installations in the United States, for cheap power is the economic need of the Nation if we are to remain competitive throughout the world. Therefore every hydroelectric site to me is of potential value to the economy of the Nation.

If I thought a high dam would generate more electricity and still allow a series of low dams to be constructed, as the need required, I would be in favor of a high dam today, and not in favor of destroying the potential of additional smaller dams on the streams at a later date.

That is what is disturbing me. If the three dams are authorized and constructed, would they destroy the possibility of developing as much electricity as if we were to build a high dam first and then build a series of other dams as the Nation's needs required?

Mr. GOLDWATER. The answer is no. I should like to refer to my remarks of last year. I quote from my speech from the CONGRESSIONAL RECORD, volume 102, part 10, page 13461:

> When the proponents of the high dam talk about any more power than 688,000 kilowatts, they are talking about the construction of 8 dams downstream, 5 of which have not been built, and they do not include in the cost of the construction of the high dam the cost of the other 5 dams.

Therefore, if we can build five dams downstream from the Federal project to augment other power to bring it up to a comparable figure with the three-dam system, certainly the construction of the three dams will not preclude further development, if it is proven necessary in the years to come.

Mr. THYE. Inasmuch as the Senator from Arizona has flown over the area, and even though he is not a civil engineer—and of course the Senator has basic knowledge of the canyon and is generally alert to the questions involved, and therefore his opinion would have considerable weight—I should like to have him answer this question for me: How many miles on that canyon are capable of development so far as hydroelectric sites are concerned?

Mr. GOLDWATER. That would be a very difficult question to answer exactly. I should like to consult a map before I answered a question like that. At best I could only make an estimate, based on how long it took me to fly an airplane down the canyon at a certain speed.

Mr. WATKINS. I have asked to have a map brought to the Chamber. It will illustrate the situation on the river. If the high Hells Canyon Dam is built, it will flood out the three smaller dam programs.

Mr. THYE. If the Senator from Arizona will permit me to ask him this further question, I should like to inquire whether the high Hells Canyon Dam is intended to be constructed below the site of the two dams which have been authorized and the third project which is contemplated for the future?

Mr. GOLDWATER. The high dam is proposed to be built at almost the exact spot at which the third dam would be built. If the Federal dam were built, it would flood out the two dams below, and would require the Federal Government to pay damages to the Idaho Power Co.

Mr. THYE. I should like to ask a further question. This seems to be developing into a matter of much greater importance than I thought at the outset. I am commencing to get the mental picture involved. I said last year that I regretted I had not flown over the area before I had cast my vote. I said last summer if I were ever faced with this question again I would fly over the area before I would cast my vote. I should like to see with my own eyes what the situation is there. However, the Senator from Arizona, and the Senator from Utah also, have made it possible for me to see this fully even though I am not there. The Senator states that the high dam would be constructed at a lower point in the Hells Canyon?

Mr. GOLDWATER. The Senator is correct.

Mr. THYE. Lower than the three dams?

Mr. GOLDWATER. No. The high dam would be built below the present two dams, but it would be built at about the same site at which the company would build its third dam.

Mr. THYE. In order to get the picture completely in my own mind, how many feet higher would the high dam be than the highest of the private-utility dams?

Mr. WATKINS. I do not have the exact figures, but I can get them. The total head—that is what is important—is exactly the same in the high dam and in the three dams.

Mr. THYE. The Senator says that the total head from the standpoint of flowing water is the same?

Mr. WATKINS. That is correct.

Mr. THYE. But from the standpoint of the backed up water in the canyon, which is important if there are flood conditions—and flood control is involved here—what is the situation? In other words, if the one high dam is 500 feet higher than the three dams, the water level, of course, is raised in the entire canyon. At the head of the dam it would be 500 feet higher, and then it would slope back, as the water sought its level in the canyon. The question, therefore, is, do we effect greater flood control in that way with a high dam than we do with a series of of low dams?

Mr. WATKINS. Mr. President, I should like to answer that question. The greatest flooding area is in the two lower streams, the Clearwater and the Salmon. Actually we do not have at this stage of the river a great deal of flooding.

Mr. THYE. That is below, the Senator says?

Mr. WATKINS. Those two rivers are below the high Hells Canyon Dam. There is no serious flood-control problem at the site of the high Hells Canyon Dam.

The greatest contribution to flood control would be derived from the building of the Bruces Eddy Dam on the Clearwater. That is a stream in Idaho, a tributary of the Snake. So is the Salmon River. Both flow into the Snake River below the high Hells Canyon Dam site. They are the real flooders. They are located in Idaho, where it is impossible to take out any water for irrigation. Idaho cannot use either one of those streams for irrigation.

Mr. THYE. In the event enough electricity is not obtained from the development at Hells Canyon, then in the future it would be necessary to go to the Clearwater and the other rivers and place installations on them for the purpose of getting the maximum development of the entire Northwest river network. Is that correct?

Mr. GOLDWATER. I do not believe I can give an answer to that question. Because of the rapid development of atomic sources of electric power, it is my opinion that we may well be constructing the last hydroelectric dams in this country. I am convinced that as time goes on atomic-produced power will be gotten down to a level, millwise and coastwise, which will compare favorably with steam and flowing water generation of electricity.

Mr. WATKINS. I wish to point out for the RECORD the discussion which has taken place to the effect that the matter of power development depends on water supply. A high Hells Canyon Dam under the program would require almost 4 million acre-feet in order to operate. There would be many years, the testimony showed, when there would not be enough water to operate the powerplant to capacity. It could operate to full capacity in only about 1 year in about 19. But it would make some contribution to power generation downstream.

The reason why Idaho Power Co. decided to build 3 dams instead of 1 was that they could get the same head at 602 feet and not require so much water as might be needed for future development of irrigation of land upstream in the Snake River Valley. That, apparently, is about the only area Idaho has in which to develop water for consumptive uses. It has approximately 2 million acres of land which may be developed.

Mr. THYE. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. THYE. Could the Hells Canyon Valley or Hells Canyon in itself be considered something like the rain barrel which the oldtimer used to have under the eaves of his house? He knew that only so many inches of rain fell in a year, so he put out enough rain barrels to get for himself a supply of water which would last throughout the dry spells.

If there is a large enough installation, and the rains come, so that the water can be kept from going over the spillway, in order to retain the amount of rain which falls, there is a rain barrel so to speak, which will hold the water against the day when a dry season or two will come.

Therefore, Hells Canyon may be more important from the standpoint of a head of water, a supply of water, and a reservoir, than simply what meets the eye from first examining the question.

Mr. GOLDWATER. The Senator from Minnesota has put his finger on a point which to us western Senators is very important in the public versus private power fight. The Senator from Utah related to the Senator from Minnesota the testimony before our committee that there would not be sufficient water in the river to create 4 million acre-feet. The high dam would be built in an almost inaccessible canyon. There is no possible use for that water for irrigation purposes. So the comparison of the dam with a farmer's rain barrel would not be correct in this instance.

The Senator from Minnesota must keep in mind that one of the purposes of the high dam would be navigation control. The Columbia River is a navigable stream, so a plug could not be put in the petcocks; they have to be kept open to let a certain amount of water go through to supply a regulated flow.

There are downstream users—farmers and cities—who have prior rights to the water. They will have to be satisfied. That is one reason why Western Senators have been so strongly back of the three-dam system. They feel it will never impair the water rights of the downstream users.

Statements have been made on the floor that the construction of a high dam would in no way imperil the rights of users downstream. I think that statement could be made in some degree of good faith if the Supreme Court had not issued an opinion—in fact, two opinions—which cause westerners great apprehension. It might work, if the Attorney General did not hold so strongly to the idea that the Federal Government does have rights, and prior rights, in the waters of the West. That is what frightens us. If the high dam is built, and we get proof of the testimony that there is not enough water to fill the dam, what is the first thing the Federal Government will say under the concept of the prior rights of the Federal Government? The Federal Government will say to the upstream irrigation users, "We will have to let so much water out this year, because we cannot deprive the downstream users of it; nor can we control navigation with the amount of water that is coming down."

The distinguished Senator from Wyoming is probably the most expert person in this field in the United States. I certainly would appreciate any comment he might make to enlighten Senators further. Water is extremely important to us in the West. It is far more important to us than water is to the farmers in the East. We have to have our rights to it.

Mr. THYE. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. THYE. Going back to the storage of rainwater in the barrels under the eaves of the plains-country shack where the rain comes at certain times of the year, the rancher is trying to store all the water he possibly can.

If the high dam is built at Hells Canyon and 1 or 2 extremely wet years occur, years having high rainfall and much snow, the water will back up in large quantities. But if there are 3 low dams, the water will go over them, downstream toward the ocean. With 1 high dam, however, the water will keep backing up at Hells Canyon. It will not overflow and bring destruction to property, because the canyon walls are there—solid rock—and they will hold, as will the high dam. So there will be the effect of a huge reservoir which will impound water. The water can be held. There will be, of course, a little evaporation, but a tremendous amount of water can be impounded and held as a head against the dry years. Of course, it will be necessary to let some water run out at all times, but the vast reservoir of water can be held back. The level can be kept firm. At the same time, there will be a tremendous head in the reservoir for the purpose of generating electricity.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. BARRETT. Is it not true that there is no compact between the State of Idaho and the States of Oregon and Washington with respect to the Snake River?

Mr. GOLDWATER. That is correct.

Mr. BARRETT. As a consequence, the irrigators upstream from the high Hells Canyon Dam or from the three dams of Idaho Power Co. need some protection. As I understand the situation—I am certain the Senator from Arizona is familiar with this point—Idaho Power Co. obtains its State water rights through application to the State. In addition to that, the licenses from the Federal Power Commission specifically ordered that the project should be operated in such manner as would not conflict with the future depletion of water from the flow of waters upstream from the dam. So the irrigators on the Snake River upstream from the sites at Hells Canyon have adequate protection under the existing arrangement with Idaho Power Co.

The same is not true so far as the Federal dam is concerned, notwithstanding section 2 of the bill. A future Congress could change that section. For that reason, the people of Idaho quite generally have objected to the bill which is before the Senate today, because water can be used for development purposes upstream from the dam.

It seems to me, as a matter of fairness, that the people of Idaho, whose State, after all, is the one that contributes water to the Snake River, with which we are concerned today, are entitled to some protection. The only way they can get the protection is through the recourse they have presently in the State application granted to Idaho Power Co. under the restrictions of the Federal Power Commission.

I think that certainly is a complete answer to the question that if we are to protect the future developments of the waters of the Snake River in Idaho, a State where thousands and thousands of acres may be put under water in the years ahead, we certainly must afford

the people of the State protection, so that when the time comes they will not find that their water rights have been legislated away or given away by someone else.

Mr. GOLDWATER. I do not think I have completely answered the Senator's question, but I want to refer to an answer I used with him last year, because it touches on this year's question. That is the matter of storing water from river control or flood or navigation control. Let me read what I said last year. I read from the bound volume of the RECORD of July 19, 1956, page 13462, the first column:

> Let us see what the United States Government has just found out, as published in the Oregonian, a very responsible newspaper in Oregon, after the last flood, which was the third largest flood in the history of the basin. It is said that if the high dam had been constructed and in operation it would have saved the crest of the flood 0.8 of a foot. It is also said that if Brownlee, one of the dams of the three-dam project, had been constructed, it would have saved the crest 0.6 of a foot. That is the difference of 0.2 of a foot. What is two-tenths of a foot? It is about two and a half inches.
>
> How crazy can the United States Senate become, when it is proposed to take a quarter of a billion dollars from the taxpayers of the country to pay for 2½ inches of flood control on the Columbia River?

That statement brings out what was said in the course of the testimony, namely, that the Brownlee Dam is sufficient for all known flood conditions, and that it is extremely doubtful that the proposed high dam at Hells Canyon will be filled. I do not say it cannot be filled, because, as the Senator has suggested, after 2 or 3 wet years in a row, the dam could be filled. But the present proposal is to have the Government spend one-quarter of a billion dollars, as opposed to nothing, in order to provide flood control to the extent of two-tenths of 1 foot, or approximately 2½ inches.

Mr. THYE. That would be on the Columbia River, would it not?

Mr. GOLDWATER. Yes. By the way, any floods on the Snake River would, after they meet the waters of the Salmon River, have their worst effect on the Columbia River.

Mr. WATKINS. Mr. President, will the Senator from Arizona yield to me?

Mr. GOLDWATER. I yield.

Mr. WATKINS. I think it should be pointed out that the high Hells Canyon Dam, as proposed, is not what is called a carryover storage dam to any great extent. It is not like the Glen Canyon Dam, on the Colorado, which has a 26-million-acre-foot reservoir and carries over the water for 20 years—or, as one Senator has suggested, catches the water in rain barrels. The Glen Canyon Dam is planned to take care of the consumptive needs downstream, in Arizona, Colorado, and the other States.

On the other hand, the bill now before the Senate provides for purely a power dam with some incidental flood control.

Mr. THYE. But could not the high Hells Canyon Dam be used for the purpose of rain-barrel storage? After all, Hells Canyon is composed of granite, and is very deep; and if a dam is built high enough to shut off all the flow, then, at times of heavy rainfall or excessive snow meltings, it will be possible to impound absolutely all the water in the canyon, and to keep it there for 20 years, if that is desired.

Mr. WATKINS. But that is not the flooding part of the Snake River.

Mr. THYE. I grant that. But if there is excessive rainfall or an excessive amount of snow in the canyon, although it may not cause a devastating flood at that particular time, it would be possible to impound the water and to hold it there.

I am seeking information; I am not trying to cross-examine. I have been greatly concerned about this matter, in view of the fact that a year ago I voted in favor of construction of the dams of the Idaho Power & Light Co. Subsequently, I became disturbed about the rapid tax-writeoff situation; and I made up my mind that I would support proposed legislation providing for the building of a high dam at Hells Canyon.

Now I am searching for facts, in order to be certain that my judgment is not in error.

Certainly there is a question here. An investment has been made by the private company in the smaller dams at Hells Canyon. If the present installation of the Idaho Power & Light Co. is destroyed, the company will have to be reimbursed for it. I do not know what amount of money is involved, but compensation would have to be made. So this matter involves good faith on the part of an agency of the United States Government, namely, the Federal Power Commission, which granted the license to the Idaho Power Co. The courts have passed on that question. Therefore, the private company has acted on the basis that the Federal Government has given it a certificate, and the judicial branch of the Government has approved it.

All these features cause me to ask questions. I am not attempting to needle or to make things difficult for the Senator from Arizona.

Mr. GOLDWATER. I shall try to answer the various questions which the Senator from Minnesota has indicated are in his mind.

He must remember that the proposed project, whether built by the Federal Government or built by private industry companies, is purely and simply a power project. No reclamation or irrigation at all is connected with it. It has an element of flood control, by virtue of the fact that it is a dam, and dams control rivers. It also has a navigation feature, by virtue of the same phenomenon. So we must think of this proposal as purely one involving power.

It is possible to develop with the three dams the same head that can be developed with the high dam. The head is what develops the power—in other words, the falling water. The water passing through the three dams will create as much electricity—and more—under this proposal, as will the high dam.

The Senator's argument about falling water over a period of time does not apply in the case of Hells Canyon, although certainly those of us in the West, those of us who live in the reclamation States, are interested in that. If the Senator's argument were valid for a dam of that size, I would suggest that it might be built twice as high, and thus impound that much more water. But the Senator from Minnesota must keep in mind that this project is one solely for power.

Mr. THYE. Mr. President, will the Senator from Arizona yield for a further question?

Mr. GOLDWATER. I am glad to yield.

Mr. THYE. What is the drop from the top? That makes a great deal of difference, in terms of the amount of water which can be stored in the canyon, because if the drop is a great number of feet to the mile, less water will be backed up by the dam, whereas, if the drop in Hells Canyon were only a few feet per mile, a dam there would back up a great deal more water. We can demonstrate that by tilting a trough. When the trough is level, it holds a certain amount of water; but when the trough is tilted, much of the water it was holding will gush out at the low end.

If Hells Canyon has a drop of only a certain number of feet per mile, only a certain amount of water can be stored behind a dam there. On the other hand, if there were a smaller drop per mile, a series of dams would hold or store much more water than the amount which could be stored behind one large dam.

Mr. GOLDWATER. I am sorry that I do not have that information.

Mr. THYE. Is not the information obtainable from the engineers? If the drop per mile is a certain number of feet, only a certain amount of water can be stored behind a high dam; but if a series of small dams is built up the stream, water will be impounded behind each one of the dams. Therefore, I believe it very important for us to ascertain the drop in feet per mile, in the case of Hells Canyon, for in that way we can determine how effective the high dam will be, as compared to a series of lower dams.

Mr. GOLDWATER. Undoubtedly that point was taken into consideration by the engineers, in arriving at their determination. I have never heard the figure for the number of feet drop per mile stated, so far as I recall, in any of the hearings. I may say that figure is not considered of extreme importance in the case of developments in the West where dams are built. For instance, in the case of the Grand Canyon—and I think the Snake River has a drop of at least as much as the Grand Canyon, if not more—if a development were to be made at Marble Canyon, or if a development were to be made at Bridge Canyon, which is below the park, it would be possible to develop more storage by means of a series of dams, as compared to a high dam, as the Senator from Minnesota has suggested.

But in this instance it has been determined that three low dams will develop more power and will store all the water needed to be stored and will prevent

floods—based on the floods which have occurred in the past. So the three dams will do all that the high dam will do, and more; and they will do it, in fact, at no cost to the American people.

As I have stated, if we consider this matter purely as one involving power, we proceed on a sounder basis.

In my State, the companies will build a series of dams—as the Senator from Minnesota has stated—one dam after the other. In fact, on the Salt River system of Phoenix, Ariz., there are 4 dams; and the water from 1 dam backs up to the other, because of the rapid drop of the river; and it is possible to store there approximately 2½ million acre-feet of water, although at the present time a little less than 500,000 acre-feet is stored. So the Senator's theory of dam construction is correct, although we do not figure the drop per mile. We figure out how high the dam should be to produce the kind of power and other features needed.

Mr. THYE. If a stream does not have the high granite walls that Hells Canyon has, no more water can be impounded than what the banks will hold. Therefore, that factor would have to be taken into consideration. But Hells Canyon is different from the average canyon, and the question involved is as between a series of small dams and one large dam. The issue involves a high dam constructed by the Federal Government versus three small dams constructed by a private company. I do not know why the Idaho Power Co. did not decide to build one large dam, in accordance with the findings of the engineers for the Federal Government, but I presume the reason is——

Mr. GOLDWATER. If the Senator will yield, it is cheaper to build 3 low dams than 1 high dam, for substantially the same results. If a high dam were built there would still have to be built 5 of the other 8 dams to produce the additional 17,000 kilowatts.

To get a better picture of Oxbow and Brownlee, they are located in a portion of the canyon that is wider. Oxbow will be 205 feet high. That is nearly double the height of Bonneville. Hells Canyon will be 325 feet high, which is nearly twice the height of Niagara. Brownlee will be 275 feet high, which is higher than the Capitol dome.

Mr. THYE. What would have been the height of the high dam had it been constructed?

Mr. GOLDWATER. I would have to speak only from memory. I believe it would have been 100 feet higher than the proposed high dam of the company, but I may have to stand corrected on that point. In other words, these 3 dams will produce what is needed. The lower dams, the 205-foot dam and the 275-foot dam—which is not a small dam—are in reaches of the river where there is a rather wide valley, but where the Federal high dam would be, and where the company high dam will be, there are granite walls that rise nearly 2,000 feet above the stream. It is nearly 7,000 feet from the top of the mountains in Idaho to the river. I hate to admit it, but it is higher than Grand Canyon, although we do not exactly call it a canyon.

Mr. THYE. What is the maximum height to which a dam could be built and still have canyon walls hold the water back and not have the water spill out somewhere?

Mr. GOLDWATER. I am trying to answer the Senator's question. If he will bear with me for one moment, I can read the decision of the Federal Power Commission:

> After full consideration of the comparative economics of the power features of the 1-dam and the 3-dam plans as presented by the evidence of record and as analyzed in the several briefs filed herein we conclude that, assuming financing, construction and operation of both plans by the same entity, the ratio of power benefits to power costs of the 3 high dams is greater than that for the 1-dam plan, and although the high Hells Canyon project would produce a greater amount of power than the 3-dam plan, the additional amount of power that could be produced by the high Hells Canyon project would have a benefit-cost ratio of about 1 to 1.

That is substantially the backbone of the decision.

The Senator asked one other question, and that is how high the dam could be built within the granite walls. There again I would have to know the foot drop. Assuming that a dam 1,000 feet high could be built—which I do not think could be done—it would back up the river and probably flood the small town at the head of the canyon, which would be a distance of 35 or 40 miles.

Mr. THYE. I thank the distinguished Senator for yielding to me as many times as he has yielded. His answers have been most educational.

Mr. GOLDWATER. I thank the Senator from Minnesota for the questions he has asked, which have been helpful.

These two projects, with half a million kilowatts of new power capacity, a large part of which will be surplus over and above the Idaho Power Co.'s present needs, are so closely related to national defense and emergency needs that to have refused certificates of rapid amortization would have been rank and unjustifiable discrimination under the law and the policy which the ODM has consistently been following.

I also call attention to the fact that every application for Federal development of power facilities in the Pacific Northwest recites as a most important reason for development of the needs of national defense. That applies to the bill now pending before the Senate for a Federal development at Hells Canyon. I ask, How is it, if the Federal Government develops a waterpower project on a river, that is in the interest of national defense, but if private industry develops approximately the same capacity at the same site, using the same water, it has no connection with national defense? Just how absurd can we get when discussing these questions of Government versus private power?

Let us consider some of these ridiculous charges of cost to Government and benefit to company. We have had all kinds of estimates, and the proponents of public power have either willfully or ignorantly confused the two. They have arrived at some astronomical figure of benefit to company and have at least conveyed the impression that the benefit to company is cost to the taxpayers. They claim that "they have ransacked the Treasury" of these vast sums of money. I was not surprised when the Washington lobbyist for REA, Mr. Ellis, and the Public Power Association, Mr. Radin, made such wild statements and when some of my colleagues echoed these statements on the floor of the Senate. They have no experience with corporate financing, and the organizations they represent are not bothered with the Federal tax problem—they do not have to pay such taxes. I was surprised, however, when the Chief Accountant of FPC, Mr. Rainwater, came up with such ridiculous figures. It is rather a sad situation, Mr. President, when the Chief Accountant of a Federal agency, charged with the duties and responsibilities of regulating our largest single industry, has no conception of the important question of business finance. In fact, I cannot help but wonder how the electric and gas industries are able to operate under the Commission. If this is what is going on, I think we ought to hurry up and pass the gas bill and look into passing a bill that will give some kind of relief to the electric companies, also.

In figuring cost to Government both the lobbyists for public power and the chief accountant of the FPC have used compound interest. It is assumed that the cost of tax amortization to the Federal Government is the amount of money that the Government must pay in interest to borrow an amount equal to the taxes deferred under the tax-amortization program. Because under this amortization, tax revenues are paid later than normally, it is thought that the Government must float bonds to make up the revenue lag, and the cost to Government is the interest it must pay on these bonds. In order to follow that assumption, we must assume that the Government is operating on an unbalanced budget and is having to borrow additional money because of taxes deferred; or that if these deferred taxes were collected earlier, this money would be used to retire Government debt and not for additional appropriations. In order to use the compounding theory it is assumed that in the second year, and every year thereafter throughout the revenue-lag period, the Government would be paying interest, not only on the bonds themselves, but that bonds would have to be floated in order to obtain money to pay the interest charges on those bonds. In this manner the debt service charges on bonds compound throughout the tax-deferral period until all postponed taxes have been repaid.

This interest cost to Government view involves a basic tax fallacy. It assumes that tax revenues are something that preexist and are separate and apart from the law of the land. If Congress says the tax income does not exist, its receipt cannot be postponed, and when Congress enacted section 168 of the Internal Revenue Code, permitting deductions from income for the cost of constructing defense

related facilities, it did precisely this. Congress declared that rapid amortization deductions did not constitute taxable income. To claim that what Congress has defined as a business expense deduction constitutes a cost to Government is simply a contradiction in terms.

Moreover, what is involved here is a business expense that Congress said can be deducted from gross income if the Government obtains a certain quid pro quo. Therefore, from the standpoint of the Federal Government the result is no different from any situation where the Government has failed to impose a tax. The result is no different from the tax the Government does not collect on rental value of the parsonage; on interest paid on State and municipal bonds; on the income generated by State and municipal proprietary business activities. Finally, the result is no different, from the standpoint of Federal revenues, from the 5-year accelerated amortization of grain storage facilities. None of the above are properly described as "cost to Government." More properly they are illustrations of situations where Congress has said that taxable income does not exist.

That is, if by congressional declaration taxable income does not exist, there is no taxable income to be postponed. Admittedly, the national debt is always with us, but specific interest costs on the debt can no more be attributed to deductions taken under code section 168 than they can be attributed to deductions taken under code section 104.

It can be effectively argued that amortization increases overall tax revenues. In other words, unless industry constructed and successfully operated the amortized facility—or its certified portion—at a profit, industry would contribute no additional revenue to the Government, only a portion of which is deferred. Thus, before amortization may be characterized as an interest-free loan it should be made clear that amortization increases overall tax revenues. It provides the Government with the very capital that hypothetically it loans back to industry.

Statistics presented, the purpose of which is to show the cost to Government, give the impression that Government is giving a tangible-cash amount to the certificate holder, that something is being given away that the taxpayer has, that money is taken from the Treasury and given to the business—ransacked from the Treasury. This is not true. The Government, as a result of laws passed by Congress, merely has said to the recipient, "you can keep this a little longer and use it if you do something that we, the Congress, say is in the public interest."

Another important point is that these estimates on the cost of the program to Government seldom, if ever, are presented in net terms. In other words, estimates as to cost are not related in any way to what the Government received in return. The estimates always assume that the Government got nothing. Even if we should assume that the interest cost to Government theory is valid, it is still clear that the Government has realized substantial benefits through the tax-amortization program. That is, even if it did cost the Government something in interest, the Government obtained productive capacity for national-defense purposes without capital cost to the Government.

If there is any justification for compounding the interest cost on bonds that substitute, theoretically, for the tax-revenue lag, one could just as reasonably compound the value of the annual Federal taxes that would not be collected if the Government built the project. These and many other things would have to be taken into consideration in order to figure net cost or benefit to Government.

Mr. President, if we are going to go into this question, perhaps we should take the amount of Federal taxes to be paid by the company and compound that $6 million a year at 3½ percent interest. The FPC accountant admitted that in order to be fair this should be done. That was brought out when he was questioned by the Senator from Utah. That computation alone would amount to more than $809 million over a 50-year period. This $809 million gain by Government would be in comparison with the so-called eighty-odd million dollars loss to Government.

On the other hand let us consider the $50 million of nonreimbursable costs of Federal development as proposed under S. 555, and start compounding that to see where we come out. That, according to my mathematics, would be about $279 million, and I am just using the same kind of arithmetic that the lobbyists for public power and the chief accountant of the FPC use. This shows what the nonreimbursable features of Federal construction alone would cost the taxpayers over a 50-year period—of course, it goes on forever.

Now, let us turn it around and talk about benefits to Government by company construction. It is estimated—and these are Army engineer estimates—that benefits from flood control would amount to $1 million per year, that benefits from fish and wildlife would be approximately $200,000 per year, and that benefits from navigation would be approximately $100,000 a year. These are just a few of the benefits that would accrue from company construction. Let us start compounding these, and at the end of 50 years we will come up with a figure of $175 million for the national benefits due to company construction. I might add that this has nothing to do with added power capacity available for defense production or taxes that the company will pay.

The point I am trying to bring out, Mr. President, is that one can take mathematics or figures and prove almost anything. But the important thing is what one starts out with as basic assumptions. No one denies the ability of either the public power lobbyists or the chief accountant of the FPC to multiply and add, but the important thing is, what assumptions did they use when they started out? Are their assumptions valid, Mr. President? I say to the Senate that they are ridiculous. Answers are bound on one side of the ledger, which absolutely disregard any benefits that accrue to the Federal Government on the other side.

Now, Mr. President, the Washington lobbyists of REA and the Public Power Association figure that the cost to the Federal Government from this rapid amortization in connection with the Idaho Power Commission development amounts to some eighty-odd million dollars. And the chief accountant for FPC verifies those figures. It is strange to me that he goes right along with the public power crowd, when it is perfectly obvious that all one has to know are the simplest rudiments of economics and finance to know that the assumptions started off with are ridiculous. It would seem to me that the chief accountant would have gone a little deeper into this question, that appears on the surface. One cannot figure deficits without figuring benefits, but this is something that was obviously ignored.

Now, Mr. President, I want to bring up a ridiculous and utterly absurd question of the compound interest theory on benefits to the recipient of rapid amortization certificates. The public power lobbyists—and I might say that the chief accountant of FPC agrees with their arithmetic—argue that the benefits to the company from these rapid amortization certificates are some $339 million—from these taxes that are deferred by the Idaho Power Co. for 5 years, then paid back in higher taxes during the next 45 years.

No one denies that all these deferred taxes are paid to the Government in full, but while the company is paying these taxes over the 45 years it is said to have made $339 million on the side from the earnings in interest on the original amount of the taxes deferred.

How is this done, Mr. President? By taking their tax deferrals and the earnings thereon each year and investing them in new utility property and making 6 percent on it, and then reinvesting this 6-percent profit and making 6 percent on that, and so on year after year ad infinitum. I do not know why they stop with 50 years, because this process would go on forever.

The story goes, Mr. President, that they put this money to work, they earn on it, they get earnings from it, they get income from it.

The claim is made, Mr. President, that the owners of the company—the stockholders—make all of this money. Those making these claims know, or should know, that that cannot happen. In the first place FPC itself and practically all of the State regulatory commissions have ordered that these tax-deferred funds cannot be paid out in dividends. Secondly, the Idaho Regulatory Commission requires that any savings in interest costs that result from the use of such funds in the business by the company will redound directly to the benefit of the consumers in the form of cheaper finance cost. Moreover, the representatives of the Idaho Power Co. have openly explained that they will use their tax deferrals to reduce their outstanding debt. It is clear, therefore, Mr. President, that there will be no mysterious earnings of enormous sums of money.

Even if the earnings did compound, Mr. President, one simple, obvious, and absolute fact that all these figuring statisticians have overlooked is that we have a Federal income tax in this country. The overall corporation rate, as we all well know, is that the corporation pays 52 percent out of every dollar of net taxable income that it makes. Uncle Sam takes 52 cents and the corporation keeps only 48 cents. Now, this $339 million which the public power lobbyists and the chief accountant of FPC say the corporation will make, Mr. President, is all income. The Idaho Power Co. has to earn it all and keep it all, because the story goes that at the end of the 50-year period it is all still there, invested in utility property—every dollar of it—and that is, of course, the $339 million benefit to the company.

Perhaps these so-called economists and statisticians have not heard about the income tax—at least they forgot about it—because this $339 million represents the 48 cents out of every dollar that the Federal income tax will permit the company to keep.

At least some of the mathematicians overlooked this plain and obvious fact because they were more interested in propaganda than in facts. If the Idaho Power Co. was benefited to the extent of $339 million from the 5-year partial tax deferral, all of which was later repaid, then during the same period the Government was also benefited to the extent of $367 million in income taxes that the company would have had to pay in order to retain the $339 million that it earned and put to work at 6 percent in new property investment. And remember this represents only part of the revenues paid through company development. So, however we figure it, if the company benefits the United States gets a much greater benefit due to the fact that the company did benefit.

Of course, Mr. President, even if you assume these incredulous earnings first you have to assume that the minute this saving, or the interest thereon, becomes available, the company has an immediate investment to put the money into and that that money immediately begins to earn and return the full 6 percent. Of course, if the company puts the money into new plant it takes a certain time to build a new plant and earnings cannot start until this new plant is built and in operation, a factor that anyone who knows anything about new plant construction knows is an absurdity to start with. Who knows, Mr. President, whether the company, prudently and realistically speaking, will need all this additional and increasing plant investment over a period of 50 years? I am sure the company cannot tell you that.

Mr. President, on June 5, 1957, at pages 8378–8379, I inserted in the RECORD some discussion between the Senator from New Mexico and a Mr. Robinson, a staff engineer with National Rural Electric Cooperative Association on the subject of earning a 6-percent return on investments. Mr. Robinson had been testifying about this big "bonanza" the company was going to get by investing its tax deferrals at a 6-percent compounded return. He had the company making some $338 million profit over the 50-year period.

The Senator from New Mexico, a cosponsor of the pending bill (S. 555), is also a good businessman. He could not swallow such absurd assumptions. He jumped Mr. Robinson on this question and said, "But you cannot figure that somebody is going to invest his money so it makes 6 percent."

Furthermore, Mr. President, the assumption is based upon the company being guaranteed a 6 percent return on its investment. Mr. President, one thing that these proponents of public power forget is that the company has no assured earnings of any percent on its investment at any time. Under some corporation commission laws companies are entitled to earn up to 6 percent or maybe more on their invested capital. But this is no assurance. The company has to justify its investment and justify its operating expense. If the company has not been prudent in its investments it may not be entitled to earn anything. There is no assurance of any income. And this is another fallacious assumption of those who go into the wild blue yonder in their calculations of company returns.

You would have a hard time convincing some of the owners of utility stocks during the depression years that the companies had any guaranteed earnings. If the big war loads drop off in the Pacific Northwest and the company should lose that outlet for power and lose its irrigation pumping loads because of some national situation, do you think the regulatory commission would let it double or triple its rates to make some set earnings on its investments? Certainly not, Mr. President, and if the Commission did let it so increase rates, who would or could afford to buy the power?

Mathematics can do anything, Mr. President. It is not hard to sit down and become a millionaire, on paper, of course, in the chicken business. All you have to do is take the eggs laid and the chickens hatched, let them lay some more eggs and hatch them and then raise them up and sell them at a certain profit, and you can become rich. But just get out and try it.

Mr. President, in these remarks, I have answered some of the latest charges that have been drummed up to stop the progress of free enterprise and load the overburdened taxpayers with further unnecessary expenditures. Technical questions have already been thoroughly debated on the floor of the Senate. I have purposely refrained from rehashing all of these old questions at this time. I would like to see us vote on the question and get it behind us once and for all so we can proceed with important business. But I understand, Mr. President, that some of our colleagues have expressed their intention of discussing all phases of the question at some length. If they do, I give notice right now that there assertions are going to be answered. I am against a Federal development at Hells Canyon, Mr. President, and the facts and the record bear me out. Otherwise I would not have the temerity to take up the time of the Senate in further discussion.

I feel that the case was well made last year. The situation has not changed one iota. The situation today calls for a resounding vote against the waste of taxpayers' money in the reaches of Hells Canyon.

EXHIBIT I

PROPOSED HELLS CANYON DAM

Mr. GOLDWATER. Mr. President, I rise in opposition to S. 1333, a bill which will be under consideration later this week. I apologize for making this speech today. I would rather have made it during the debate on the bill, but because of the limitation of the time for debate, I shall be unable to do so.

Had this proposed legislation been allowed to proceed through the ordinary and customary legislative channels, it would never have been on this calendar. The full committee that was asked to pass final judgment on the bill last year, after reviewing all of the testimony and argument pro and con, voted against reporting it to the Senate. This year, however, the Democratic national chairman, Mr. Paul Butler, declared in a letter to the leaders of both Houses that this was a "must" piece of legislation in order to enhance the chances of reelection of one of our colleagues. I may be naive in my inexperience in this body, but I do not believe it has ever come to my attention before that a chairman of one of the two major political parties exerted such power over the leadership in the Congress that they are willing to go around the customary procedures in order to satisfy Mr. Butler's desires. Certainly the Constitution does not prescribe that this power should exist, and I do not believe the people of the United States are particularly pleased with the idea that such control is in effect.

The committee of Congress which was charged with the responsibility of listening to the testimony and passing on the merits or demerits of it refused to report the bill. The fact that the committee membership was changed is not of extreme importance and is not deserving of mention at this time, for the change was probably a natural one, occasioned by the untimely death of two of our beloved colleagues. But to barter one piece of legislation against another, with the suggestion that one, a highly desirable and long-needed act, might not be favorably looked upon if this particular bill, S. 1333, were not reported, is a maneuver that smacks of six-gun technique and is not, in my opinion, in conformity with the best standards of the Senate. Our distinguished majority leader has termed it legislation from the heart. I agree with the heart part of it. It would put a knife right through the heart of our private enterprise system. I am amazed that this body of lawmakers should even entertain proposed legislation having the far-reaching implications of the bill before us. Frankly, I am somewhat astounded when I look over some of the names of the distinguished Senators who sponsored it.

We are considering a development which private industry is not only willing and able to build, but is actually well in the process of building, and we are standing on the floor of the Senate debating whether we should take it away from private enterprise and build a monument to Federal fiscal folly. It is a development which the Federal Power Commission, a nonpartisan Federal agency, well staffed with career technicians, after 12 months of public hearings and 20,000 pages of testimony, unanimously decided should be built by the Idaho Power Co.

The Federal Power Commission was brought into being by Congress to make just such determinations. Not only that, but the act plainly states in section 28 of part I that a license granted by the Commission cannot be altered, amended, or revoked after it has once been issued without the mutual consent of the parties thereto.

The utilities rely on these licenses in planning their future requirements and financing such undertakings. Now we are debating whether we should pass legislation which will tell the utilities that a Federal license is not worth the paper it is written on. This is something in which all of us should be interested. If a Federal license authorizing a power development is no good, what value has any Federal license? What value have radio, television, oil leases, and any other free-enterprise undertakings which are under Federal regulation? Passage of this proposed legislation would mean the beginning of the downfall of all Federal regulation.

Of course, it will not happen, at least not during this session of Congress, but I should like to suggest that there come before the Senate a bill to authorize the nationalization of all the electric power industry of the United States. Then we could have a yea-and-nay vote and see who stands for what. There is not a Member of the Senate who does not profess to stand for free enterprise, but there are entirely too many Members of the Senate who cast votes at every opportunity for proposed legislation which, if enacted into law, would gradually destroy free enterprise. Many Members of this body, Mr. President, have voted in favor of every public power bill which has come before the Senate, and sponsored or supported many other bills which have never gotten past a committee assignment. Many of those Members are sponsors of the bill now before the Senate. Let me tell my friends who continually support Federal power legislation that they can destroy our free-enterprise system bit by bit just as surely as they can in one overall action. The only difference is the timing. The bit-by-bit method is just as sure, but it takes a little longer.

In the early thirties only seven-tenths of 1 percent of the electric power in the United States was produced by the Federal Government. In 1953, 12.4 percent of it was produced by the Government. Presently authorized developments would increase the Federal power production by an additional 24,557,000 kilowatts, or 20 percent of the present total capacity. During this period, 190 electric companies have been taken over in whole or in part by some form of Government ownership. This is all a direct result of the Federal Government's activities in the field of electric power. In other words, for the past several years we have been chiseling away at our private-enterprise system bit by bit under the guise of flood control, navigation, and so forth. Now the public-power advocates are getting bolder. They want the Federal Government to spend tax funds to build an all-out hydroelectric power project—one that could not by the farthest stretch of the imagination be justified under flood control, navigation, or irrigation; a project already authorized by a Government agency for private development; a development well under construction by that private company; a project that could not get the authorization of the Congress during the heyday of the New Deal-Fair Deal.

What kind of politics are we playing, Mr. President? I do not have to think back very far to remember when a great deal of to-do was made over a $2,500 campaign contribution—in fact, so much to-do that this body created a special committee of four distinguished Senators to make an investigation of the affair. But we have quit playing with marbles now. We are playing with hundreds of millions of dollars which are squeezed out of the taxpayers—my constituents and yours. Bringing this bill up for consideration is politics in its rawest form, and nothing else. I am a Republican, but I would condemn my own party for such tactics just as I am now condemning some members of the other party. When we sink to such a low in this country that we have to resort to squandering tax funds to try to win elections, we are in a sad plight.

The taxpayers rely upon us, the elected representatives, to protect their interests, and it is certainly not to their interest to spend tax dollars to buy elections. We are not going to betray that solemn trust, Mr. President. Thank God, there are enough statesmen on both sides of the aisle to stop this scandalous waste of public money.

I have in my hand, Mr. President, a tabulation showing what this boondoggle would cost each State. I also hold in my hand a copy of the bill we are considering, with a list of its sponsors. Some of the names on this list are a mystery to me.

Any Senator has a perfect right to, and should, sponsor and support any proposed legislation which he believes to be to the national interest. But what national interest is involved in subsidizing the electric bills of some power consumers in Idaho?

I notice that the distinguished senior Senator from Illinois [Mr. DOUGLAS], a noted economist, is one of the sponsors. It is hard to reconcile his position on this bill with the fact that time and again on this very floor I have heard him offer amendments to cut appropriations for projects which had some merit. I am sure the Senator was sincere in his efforts to save the taxpayers' money on these other appropriations, so why does he now propose spending more than $38½ million of Illinois money to subsidize some power bills for people in the Pacific Northwest? Illinois people get their power from private industry; they are not asking anyone else to help pay their power bills. Are the people of Illinois that interested in electing or defeating some candidates for public office?

Another sponsor of the bill is the distinguished junior Senator from Michigan [Mr. MCNAMARA], who is now occupying the chair. The people of Michigan finance their own utilities through private industry, and their power bills include 25 percent for taxes. But their junior Senator is willing to tax his constituents to the tune of almost $29 million to furnish some tax-free power to people in the Far West.

I am not surprised to note that the distinguished and generous junior Senator from New York [Mr. Lehman] is a sponsor. He has been supporting legislation for years to give his taxpayers' money to other sections of the country to build their TVA's, Bonnevilles, and so forth; so another 76 million New York State dollars for Idaho does not mean much to the wealthy State he, in part, represents. It is a heavily industrialized State, so I am sure it can afford to spend its tax dollars to subsidize power in other areas so as to strengthen the position of the poorer areas in competing for some of New York's industries.

Both of the distinguished Senators from Oklahoma favor the pending proposed legislation, but it will only cost that wealthy oil State $5 million, and I am sure that is peanuts to them; but $5 million of tax funds still is not hay in Arizona.

In going over the list of sponsors, Mr. President, I do not think I should leave out the distinguished senior Senator from West Virginia [Mr. NEELY]. The economy of his State depends largely upon the coal industry, and that industry is sick. We hear a great deal of talk about limiting oil imports because of the effect of foreign oil upon our American coal industry. I might suggest to my friend from West Virginia that cheap oil is necessary if private industry is forced to complete with tax free subsidized Federal power.

Here is West Virginia sitting on top of the finest coal fields in the world. It should have an advantage over almost any State in producing cheap power. It should be in a very good competitive position for industries. But is it using that competitive advantage to increase its industrial strength? No, Mr. President; its senior distinguished representative in this body supports subsidized Federal hydroelectric power so that industries which might otherwise settle in this State are attracted to the cheap Federal power areas.

I might suggest to my friends who are supporting a Federal development at Hells Canyon that the tax dollars they are so willing to send from their States to help pay the electric power bills for some Idaho folks would build a lot of roads, schools, hospitals, and other needed additions in their own States.

In most of the States represented by sponsors of this proposed legislation the people finance their own power requirements through private industry, and pay their fair share of taxes in their power bills. But that does not satisfy some of my colleagues from other States, they want a benevolent Federal Government to use their constituents' taxes to do a job in Idaho which the Idaho people are willing to do for themselves.

I want to make it crystal clear, Mr. President, that no Member of the Senate is a stronger advocate of irrigation, reclamation, flood control, and other beneficial conservation uses of land and water resources than the junior Senator from Arizona, and the record will bear out that statement. If irrigation is needed for the economic growth of any area, I will support it. If flood control is needed, I will support that, too, although I believe that those benefited should bear a part of the cost. If hydroelectric power can be developed economically and sold to help defray the costs of irrigation and flood control, I will support that. And if there was—but there is not—an area in the United States that needed electric power, and private industry was unable or unwilling to supply it, I would favor the Federal Government going to the assistance of that area.

But in the legislation pending before the Senate, Mr. President, we have no irrigation, we have no navigation benefits, and we do not have enough additional flood-control benefits even to discuss. We have an all-out Federal hydroelectric power project—nothing more, nothing less. The Idaho people do not need the taxpayers from other States to help them build their power requirements or help pay their power bills. They are taking care of their own requirements and building these dams now with private enterprise dollars, not tax funds; yet here we are talking about stopping them and letting Uncle Sam do it for them.

Mr. President, in all my experience I have never encountered so many misstatements of fact as have been made, and so much misleading propaganda as has been put out, on the Hells Canyon Dam issue. But we are going to clear up this fog of propaganda and look at the facts.

The most misleading statement we hear—and I am being very kind when I call it only misleading—is the comparison of the amounts of power between the two methods of development. In speeches and in print, some of the most vociferous proponents of a Federal development charge that Idaho Power Co. is developing only one-half of the power potential of this site. They conclude, therefore, that the Government is giving away half of the power potential of the best remaining power site in the country.

When they get down to quoting figures to try to prove this erroneous claim, they go back to the hearings held before the Federal Power Commission and drag out some figures which purport to show that the Federal high dam would produce 924,000 kilowatts and the 3 company dams would produce only 505,000 kilowatts. That is just about like saying that John Jones' orchard produces 20 tons of grapefruit per acre a year because it produced that much 1 year when weather conditions were perfect, and

that Bill Williams' orchard produces only 10 tons per acre a year because that is what it produced the year of the big freeze.

This comparison appeared in a statement, obviously prepared by Government dam advocates, which the senior Senator from Washington [Mr. MAGNUSON] had printed in the CONGRESSIONAL RECORD, volume 101, part 6, page 7523. The same comparison appears in another statement, the authorship of which was not disclosed, inserted by the senior Senator from Oregon, in the CONGRESSIONAL RECORD, volume 102, part 8, page 10211.

As the installed capacity of the Federal dam is to be only 800,000 kilowatts, any statement that its power output would be 924,000 kilowatts obviously bears looking into.

Both figures—924,000 kilowatts for the single dam, and 505,000 kilowatts for the 3 dams—are referred to in the tentative decision of the Federal Power Commission hearing examiner. The examiner, however, made no such comparison. He made it very clear that these 2 figures represent 2 entirely different things, which are in no way comparable. The 924,000-kilowatt figure for the high dam represents not only the power output at the single dam itself, but also power assumed to be produced at downstream plants, and "allocated" to the Federal Hells Canyon as a result of the release of its water held in storage. In the second place, the 924,000-kilowatt figure for the single dam is based on so-called nominal prime power, which assumes conditions of most favorable river flow. This power is not firm, Mr. President; it is not dependable. It is power that might be there in some years and will not be there in other years.

To make matters worse, the estimated, assumed downstream power generation, credited back to the single dam, came from 8 so-called downstream plants—5 of which are not even in existence. Construction of only 1 of these plants—Ice Harbor—has barely begun. The other 4—John Day, on the Columbia; and Little Goose, lower Granite, and lower Monumental, on the lower Snake—have not been started; no appropriations have been made for their construction; and some of them may never be built. The construction cost of these dams has been officially estimated at over half a billion dollars. So there go a lot more tax dollars, Mr. President, if any of those kilowatts are ever to be realized.

On the other hand, the 505,000-kilowatt figure used for the 3 dams—as the examiner's opinion and exhibits before the FPC make clear—is at-site production only, with no consideration given to downstream power generation from storage releases, and is based upon assumed conditions of critical streamflow in a low-water year. These Federal power advocates cannot live on facts, Mr. President; they have to pick out a figure here and a figure there. It makes no difference that the figures relate to two different things, just so long as they can be quoted to serve their purpose.

During all of the period since 1949, when bills to authorize the Government dam have been before Congress every year—and have consistently failed of passage—so many estimates have been made of its power capacity, that a review of such estimates is enlightening. It seems that the power capacity at Hells Canyon is however many kilowatts it takes to justify the Federal development.

When the Hells Canyon Dam was still part of the Army's program, the Corps of Engineers' power estimate for the Government dam is contained in the 308 Review Report on the Columbia River, volume VIII, page 4066. In that official document, 602,000 kilowatts was estimated as the capacity of the Hells Canyon plant at site. The reports also gave it credit for 199,000 additional kilowatts at downstream plants—the same 8 plants referred to above, 5 of which are not built. That made a total of 801,000 kilowatts, both at-site and downstream.

But—and this is important, Mr. President—included in this figure was the power from a second smaller dam at Hells Canyon, just downstream from the high dam—a reregulating dam to level out the water surges in the river that would be caused by the operation of Hells Canyon.

That additional reregulating dam and the powerplant, which the Army said was necessary, were estimated to cost approximately $50 million at that time. Of course, they would cost considerably more now. Somehow, the need for the cost of a reregulating dam have been lost in the shuffle, since the Bureau of Reclamation took over Hells Canyon from the Corps of Engineers. This is just another of the cost items that does not show up in a project proposal until after the Congress has been sucked into an authorization. But, Mr. President, you can bet your last bottom dollar that this oversight would be discovered once the main dam was under construction.

The 801,000 kilowatts of prime power which the Army engineers attributed to Hells Canyon, including downstream power at other plants, also included 100,000 kilowatts from the regulating dam, which the Bureau has managed to drop out of the picture. Actually, therefore, the estimate for the Hells Canyon Dam alone was only 701,000 kilowatts, based upon the Army engineers' studies as contained in the 308 report.

The Bureau of Reclamation, in its own report on the Hells Canyon Dam—House Document No. 473, 81st Congress, 2d session, volume 2, page 196—estimated only 854,000 kilowatts for the single dam including downstream production. But that was not enough to sell the idea to Congress, Mr. President; so in a supplemental typewritten report, approved by the Secretary of the Interior on May 11, 1951, they increased the high dam's output to 1,430,500 kilowatts. That report is the one now referred to in section 1 of S. 1333 and its identical companion bills in the House.

The report itself admits that all the power that the Hells Canyon plan could produce would be only 688,000 kilowatts—less than half the total amount of prime power which the report claims. All the rest of it was to come from these 8 downstream plants, of which, let me repeat, 5 are not built, and based upon a so-called incremental nominal prime power theory, which, as hereinafter mentioned, Federal Power Commission engineers have denounced as improper for comparative purposes.

Even the Federal dam enthusiasts could not support such a ridiculous figure, Mr. President; but the report is still referred to in the present bills. On March 31, 1950, in the House hearings on H. R. 5743—identical in purpose with the present bills—a Bonneville Power Administration witness came down into the stratosphere with another estimate of 1,124,000 kilowatts—again claiming only 688,000 kilowatts for the Hells Canyon Dam itself, and relying on the assumed 8 downstream plants for the remaining 436,000 kilowatts of incremental nominal prime power.

Incidentally, the same witness, the power manager for the Bonneville Power Administration, also made it clear that in a low-water year such as 1936–37, his 688,000 kilowatts of nominal prime power was an average for 9 months of the year only; and that during the 3 months of the year required to refill the reservoir, the actual power production from the high Government dam would have to be cut down to only 66,000 kilowatts. In other words, when a low-water year came along—which is not too infrequent—you and I could run our refrigerator and turn on our lights for 9 months, and then could use them for less than 10 percent of the time for the remaining 3 months. What kind of power is that, Mr. President? It is not firm and it is not prime. The very best we can call it is interruptible.

In the New York Times, on August 19, 1955, a letter to the editor was printed, written by the junior Senator from Oregon. The Senator defined prime power as "power available almost 365 days a year." An output of only 66,000 kilowatts—from an 800,000-kilowatt powerplant—during 3 entire months of a low-water year presents an interesting comparison with the astronomical figures of prime power available almost 365 days a year, which the advocates of the Federal dam have put forth in so many varying amounts. This well illustrates the fallacy of the incremental nominal prime power method of approach, upon which the Government dam advocates pin all their assumed power output figures for the single dam, but not for the three dams. The Federal Power Commission's regional engineer in charge of its San Francisco office, testified at the FPC hearing that, "You can't use the incremental approach correctly" to evaluate or compare mutually exclusive projects—that is, projects in the same reach of the river, where only one can be built.

I should like to hear some of these Federal power advocates explain some of this nominal prime power, or the "almost 365 days a year power" of the Senator from Oregon, or "now you have it and now you don't power" whichever one chooses to call it, to some chicken hatchery people with incubators full of eggs, or dairy farmers with a herd of bawling cows on their hands and no one at the dairy who knows how to handmilk, or to some irrigators whose crops are burning up because there is no power with which to pump water. The public power zealots would get a free lesson in what constitutes firm power, and probably would pick up, in the bargain, a few choice words for their vocabulary.

The FPC engineering staff made a 44,000 man-hour study of the entire Hells Canyon problem, which was presented to the Commission by three FPC engineers, with numerous supporting exhibits. These men are career men, Mr. President. They are expert technicians—not political engineers. The testimony of these men was that the actual dependable power capacity from the Hells Canyon Dam, would be only 785,000 kilowatts, and that the average output from the high dam would be only 634,000 kilowatts. Remember there is quite a bit of difference between average and dependable. Why have these figures been so studiously ignored in the statements which the proponents of the Government dam have been supplying to Congress and its committees? Why were the Power Commission staff engineers, career men who are experts in this field, not called by the subcommittees in the House and Senate hearings a year ago, and only Bonneville and Bureau of Reclamation witnesses called instead? The Federal Power Commission heard all the witnesses—those from BPA and the Bureau of Reclamation, as well as their own FPC engineers. The answer, of course, is that proponents of the high dam are obviously trying to present only one side of the case, and to obscure the actual facts.

Mr. President, there is only one agency of the Government that is in a position to give a fair and impartial judgment of all these questions. That agency is the Federal Power Commission. It is the bipartisan agency created and delegated by the Congress, in the Federal Power Act, to decide these complex questions. Every one of its five members was confirmed by the Senate. It has no ax to grind. As it stated in its license decision, its sole duty under the Federal Power Act was that of "determining what is the best plan of development."

The FPC heard all the evidence, on all sides, in a hearing that lasted over a year, and the record of which includes almost 20,000 pages of testimony as well as some

450 technical exhibits. It heard the Bureau witnesses, the Bonneville witnesses, the Army witnesses—experts of every kind, including three of its own staff engineers.

It concluded that the three-dam plan covered by its license to Idaho Power Co., was "best adapted to a comprehensive plan of development" of the river; and that "The United States itself should not undertake the development of the water resources of the Hells Canyon reach of the Snake River for public purposes."

The FPC found that the dependable capacity of the 3-dam licensed project will be 767,000 kilowatts. This figure compares with 785,000 kilowatts for the proposed Government dam, a difference of only 18,000 kilowatts, or about 2.3 percent. Thus, although the Government dam would cost approximately a quarter of a billion dollars more than the FPC-licensed project, it would provide only 18,000 kilowatts more, measured in terms of actual dependable capacity. This represents a cost of about $14,000 per kilowatt for the additional dependable capacity—about 100 times what it would cost per kilowatt to build steam capacity to offset it.

In summarizing its findings, the FPC stated that on an equal basis of comparison, "the power features of the 1-dam plan have no clear economic advantage over those of the 3-dam plan." The Commission further found that "the ratio of power benefits to power costs of the 3-dam plan is greater than that for the 1-dam plan."

The comparison of 924,000 kilowatts for the Government dam, as against 505,000 kilowatts for the FPC-licensed 3-dam project, has been used time and time again by those who are attempting to obtain authorization of the Federal project. Such a pretended comparison is not only misleading as to power output, but is also further misleading because of the effect that these figures have upon the purported comparison of power costs—another fallacy which advocates of the Government dam have given wide publicity and distribution.

The farfetched comparison, appearing in the table in the CONGRESSIONAL RECORD, volume 102, part 8, page 10211, is the statement that the cost of power from the Government Hells Canyon Dam would be only 2.7 mills per kilowatt-hour, while that from the FPC-licensed 3-dam project would cost 6.69 mills per kilowatt-hour.

Mr. President, I am rather apologetic about taking up the Senate's time on this subject. It is so ridiculous on the face of it. Here is a project built by an electric company that is going to cost $133 million as compared with a Federal project that is going to cost about 3 times as much. They both produce about the same amount of power. But we are told that the power produced by the power company will cost 2½ times as much as that produced by the Government. It is time for a real investigation if the Government is subsidizing Federal power to that extent, unless someone is naive enough to believe that the Government is several times as efficient as private industry.

In order to recognize the absolute and utter misinformation in the statement that power from the Government dam would cost 2.7 mills, one has only to look at the paragraph numbered 3, following the tabulation. In one breath, it says that the power will be generated at 2.7 mills; and, in the next, that it will be available to serve loads at "slightly over 2 mills per kilowatt-hour." All in one and the same sentence, Mr. President. And then another paragraph goes on to tell how there will be available power revenues to subsidize irrigation.

So we produce power at a cost of 2.7 mills, sell it for slightly over 2 mills, pay off the power investment in 50 years, and still make enormous power profits to subsidize irrigation. Are these people trying to make us believe that the Government can sell at a loss and still make a profit?

Mr. President, how far can we go with this big-lie technique?

At the Senate subcommittee hearings on S. 1333, at page 271 of the printed record, a statement was made to the subcommittee by the distinguished senior Senator from Oregon [Mr. MORSE]. Governors Smylie and Langlie, of Idaho and Washington, had presented some figures against the Federal dam which the Senator did not like. The Senator from Oregon said:

"Let me state to the people of my State, your Senator is going to continue to stand on the figures of the Army engineers and the figures of the Reclamation Bureau engineers."

Very well. Mr. President, what did the Bureau of Reclamation say as to the cost of power from the Hells Canyon powerplant?

According to the Bureau of Reclamation report, the cost of firm power from the Government Hells Canyon Dam would be 4.4 mills per kilowatt-hour (H. Doc. No. 473, USBR rept., vol. 2, pp. 189, 202). That is what the Bureau of Reclamation engineers, to whom the distinguished Senator referred, said in their official report that Hells Canyon power would cost in order to pay out the project—not slightly over 2 mills, nor even 2.7 mills, as this pretended comparison would lead one to believe, but 4.4 mills per kilowatt-hour.

Where, then, did the 2.7-mill figure, which appears in the tabulation (CONGRESSIONAL RECORD, vol. 102, pt. 8, p. 10211) come from? It came from a statement in the FPC examiner's preliminary opinion that firm power from the Government dam would cost approximately $23.80 per kilowatt-year, as compared with the present Bonneville rate of $17.50 per kilowatt-year. Dividing $23.80 by 8,760—the number of hours in a year—we arrive at 2.72 mills. However, to get this figure of $23.80 per kilowatt-year the examiner had to use the 924,000 kilowatt nominal prime power output for the Government dam, that is, at-site production plus assumed production at 8 downstream plants, 5 of which are not built, in a high-water year; and it is furthermore based on 100 percent load factor, which assumes that a power customer uses his peak-power requirements continuously, 24 hours a day around the clock, for 365 days a year. We do not have that kind of customers, Mr. President, and the Snake River does not flow that kind of water. Actual power use, except for a few selected industries, is an approximately 60- to 70-percent load factor, which makes the cost of power correspondingly higher.

Turning now to the other side of the comparison, it is said that 6.69 mills is the cost of power from the FPC-licensed 3-dam project. This figure also comes from the examiner's tentative opinion; and, as he clearly pointed out, it was based upon 505,000 kilowatts of at-site generation only. The use of these incomparable power-output figures in itself makes the pretended comparison of power costs invalid and worthless.

But, Mr. President, that is not all. For his estimate of construction cost of the 3-dam licensed project, upon which the 6.69-mill power cost is based, the examiner chose a figure of $191,328,000. Both the company and the contractor, which is now constructing 2 of the powerplants, at Brownlee and Oxbow, estimated the cost of the 3-dam project at $133 million. In using the highest figure available for the cost of the three dams, the examiner said that it "would provide the greatest margin for error"—certainly a novel basis for factfinding.

For his annual operating costs for the three-dam project, the examiner adopted an even greater differential, for what he called a margin of safety. His estimate of annual operation and maintenance costs for the three-dam project was admittedly higher by far than Idaho Power Co.'s. Actually, they exceeded those of the power company, based on its operating experience, as well as estimates submitted by Major General Robins, formerly of the Corps of Engineers, as the examiner said, "by about 370 percent."

For his costs of transmission of the power from the three dams to market areas, the figure used by the examiner resulted in a cost of 1.8 mills per kilowatt-hour for transmission alone. This is approximately double the costs estimated by Idaho Power Co., and approximately 50 percent higher than average transmission costs anywhere in the Northwest.

Obviously, Mr. President, if construction costs estimates are arbitrarily increased by 44 percent, if operating costs estimates are quadrupled, and the estimated cost of transmission is doubled any power can be priced out of the picture. This type of estimating the company's plan is highly satisfactory to the Federal power advocates, but when they start estimating costs for the Federal project they take off in the opposite direction and the taxpayer usually gets hooked for a lot more than he originally contemplated.

It thus appears that the purported comparison of 2.7 mills, as against 6.69 mills, was based entirely upon choosing the most favorable figures which could be found anywhere in the record for the Government dam, as against the worst possible figures available for the three-dam project.

According to the examiner's computations in the examiner's opinion, it appears that the estimated cost of power from the 3 dams would run from a minimum of 2.72 mills to as high as 4.82 mills per kilowatt-hour, depending upon which estimates were chosen for annual fixed charges and operating costs. As pointed out, the examiner selected the highest possible figures for the three-dam project, in order to provide the greatest margin for error.

The examiner also pointed out that the FPC staff assigns a cost of 6.69 mills per kilowatt-hour to the output of the 3-dam plan. An examination of the record, however, shows that this figure was based upon 66.2 percent load factor.

To summarize this pretended comparison of 2.7 mills for the Government dam, as against 6.69 mills for the Idaho Power dams, we have the following:

For the Government dam: At-site plus assumed downstream production, in a high-water year, and assuming 100 percent load factor use by customers.

For the 3-dam project: At-site production only, in a critical water year, and the FPC staff made it clear that their 6.69-mill cost was based upon use of power at only 66.2 percent load factor.

The FPC staff estimate of the cost of power from the 3 dams at 6.69 mills, at 66.2 percent load factor, is equivalent to only 4.43 mills at 100 percent load factor—almost identical with the 4.4-mill cost of power from the single dam, as referred to in the Bureau of Reclamation report. In other words, the estimated cost of power from the two plants of development will be almost identical, even accepting the fact that estimates for the Federal dam are put forth in their best light and those of the company dams in their worst.

But, and listen to this, Mr. President, the Idaho Power Co.'s present rates in its 1955 reports on file with the FPC show that its sales of power to other utilities and large industrial users average from 2.5 mills to 4.8 mills per kilowatt-hour, depending upon size of load and amount of use. Officials of the company testified that the 3-dam project can be built for less per kilowatt of installed capacity than the cost of many of the powerplants now in its system; that power from the 3 plants would be salable at from 4 to 5 mills, and that it could be sold

under the company's existing rate structure, the actual rate depending upon size of load and load factor.

Furthermore, it should not be overlooked that included in these rates is a substantial taxload which the licensed project will have to pay, and which the Federal dam will avoid. The FPC reports show that in 1955 the utility company paid over $6,790,000 in taxes—about 31 percent of its total gross revenue.

The proponents of the Federal dam have mixed feelings about the examiner and his decisions. They blow hot and cold on him. They quickly adopt some of his computations, like those referred to above—but only those which suit their purposes. The others, they blithely ignore. To his proposed decision, they objected violently. Here are some of the things they said about him when their lawyers filed their exceptions to his opinion: They called the findings irresponsible guesswork. They said his conclusions were based on dubious assumptions and tealeaf prognosis. They even said that his analysis of the law was a diametric perversion. But they hang onto his power output and power cost computations—even with the examiner's clear explanation of them—like a drowning man clutches at a straw.

Mr. President, another subject which has been quite controversial is the question of cost of constructing the two plans. The tabulation in the CONGRESSIONAL RECORD, volume 102, part 8, page 10211, shows the cost of the Federal dam, without transmission lines, as $308,473,000. This is compared with $175,766,000 as cost of the three-dam plan. The figures for the company's 3 dams is the one used by FPC in its licensing order, which the Commission pointed out was 28 percent higher than the estimates of the power company and the contractor that is now building 2 of the dams.

I wish to point out, Mr. President, that the contractor who prepared the estimate and is now building the dams is one of the largest in the world and has probably built more dams than any other contracting company. The company's and the contractor's estimate for the three dams is $133 million, and I am reliably informed that construction is proceeding well within cost estimates.

Whence came the $308,473,000 figure for the high dam?

Not from anything in the FPC record. There, the sworn testimony of Government engineers was that the Hells Canyon Dam would cost $356,810,000 based on January 1952 prices; and that, at present-day price levels, it would cost $399 million.

In the tabulation, immediately following the $308,743,000 figure for the Hells Canyon dam, there appears a quotation picked at random from the examiner's decision. The apparent implication, of course, is that this cost figure came from the examiner's findings. This is another example of the misleading use of figures which the proponents of the high dam have foisted upon Members of Congress, to have printed in the CONGRESSIONAL RECORD and then used for publicity purposes.

Neither the examiner, nor the Commission, made any such finding, nor referred to any such figure; nor is there anything in the entire FPC record that even approaches any such figure. What did the examiner find?

The examiner found that the capital cost estimated by the Bureau of Reclamation for the high dam project (exclusion of fish facilities) is $383,570,000, based on January 1952 prices.

This, of course, is one of the examiner's findings which the proponents of the Government dam so studiously overlook and so blithely ignore.

Mr. President, so many estimates of the cost of the Hells Canyon dam have been given to the Congress, that a brief review of the question will be enlightening.

When the Hells Canyon dam was being considered by the Corps of Engineers, as offically reported on in the 308 report—House Document 531, 81st Congress, 2d session—the cost estimate made by the Army engineers appears in volume I of the report, at page 216, and again, in detail, in volume IV, page 1489. Including interest during construction, and a downstream reregulating dam which the Corps of Engineers determined was necessary to level out the water surges from the Hells Canyon powerplant, the cost of the Hells Canyon project was estimated—at 1948 prices—at $372,863,000.

Later, the Hells Canyon dam was transferred to the jurisdiction of the Bureau of Reclamation, and in their exhaustive and detailed report—House Document No. 473, 81st Congress, 2d session—in volume II, pages 181 and 182, their cost estimate of the dam was $433,660,000, including transmission, and estimate was also based on construction cost levels which existed in 1948.

Later, in May 1951, the Bureau of Reclamation estimated the cost of the powerplant alone, without transmission lines, at what the Commissioner of Reclamation reported to be 1951 price levels, at $356,810,000.

At the FPC hearings on the proposed 3-dam project, the Bureau of Reclamation sent their chief estimator from their main office in Denver to testify. His testimony was given under oath. He said his estimates were based on construction costs as of January 1952. He further testified that the records of the Bureau indicated that a 4-percent increase in the estimate would be necessary to bring it up to then current levels. That appears in the FPC transcript of the hearings, volume 77, pages 9786 and 9787.

The chief estimator from the Bureau of Reclamation then testified that the cost of the Hells Canyon Dam was officially estimated at $356,810,000, based on 1952 prices. The basis for all items comprising the estimate were given in great detail. But the above did not include any allowance for interest during construction, which would be at least another $26 million to $27 million—see 1955 Senate hearings on S. 1333, pages 451 and 452. In the power-cost studies made by the FPC's engineering staff, the Bureau's estimated figure of $356,810,000 was used, interest during construction was added, and it was adjusted to current prices by adding the 4 percent which the Bureau admitted was a proper allowance for rise in cost levels, bringing the cost of the high dam, exclusive of fish facilities, to $399 million.

But, Mr. President, according to the table in the CONGRESSIONAL RECORD, volume 102, part 8, page 10211, we find that the Hells Canyon Dam will now cost only $308,473,000. And again, this purported estimate does not include interest during construction.

The genesis of this estimate is in the testimony of this same Bureau of Reclamation engineer, given when he appeared at the Senate subcommittee hearings on S. 1333—pages 428 and 478—on May 2, 1955, a year ago. In the morning of that day, this witness appeared and claimed that construction cost levels were lower than in 1952, and he reduced his cost estimate from $356,810,000 to $353,740,000, based on April 1955 prices.

The tabulation appears in the printed hearing record at page 428. The witness made it clear that this figure did not include any allowance for transmission lines and, again, it included nothing for interest during construction. That was during the morning session of the subcommittee hearing.

In the afternoon, following the luncheon recess, this same witness came back to the witness stand. He then stated that he had prepared "a revised cost estimate based on experience gained at Hungry Horse." As a result of this experience at Hungry Horse this witness then said that he thought that Hells Canyon could be built for $308,473,000, roughly, $308,500,000.

It would, indeed, be interesting to know what happened to the witness during the lunch hour. Who talked to him? Who called him back to testify again? When was this new estimate prepared? Obviously, Mr. President, this new figure was not an estimate at all, as all the witness did—hearing record, page 478—was to reduce some of the items of cost by percentage figures.

What was the experience at Hungry Horse that brought about the witness' sudden change of mind during the noon recess at the hearing, to the extent of $45 million? If a comparison of the original estimates for Hungry Horse, made to obtain project authorization, with actual completed project costs means anything at all, the estimate for Hells Canyon should have been increased substantially, instead of being reduced to the tune of $45 million.

The Analysis of Cost Increases of Reclamation Projects, published by the Bureau of Reclamation under date of May 5, 1953, tells the story.

Hungry Horse was originally authorized in 1944, on the basis of a cost estimate prepared by the Bureau of Reclamation, in the amount of $48 million. Although the project was authorized in 1944, necessary appropriations were not obtained and work was not started until 1947. By this time, the Bureau of Reclamation had changed the plans, increased the height of the dam by 20 feet—after Congressional authorization had been safely obtained—and their estimate of the project costs had nearly doubled—from the $48,319,000 to $93,500,000.

Later, as the Bureau of Reclamation report shows, and in spite of the fact that several structural and engineering modifications of the dam were made, which actually decreased the construction cost by over $5,400,000, the project cost estimate, by 1954, had again increased by another $10 million, to $102,900,000. So if we are going along with the Bureau estimator, based on Hungry Horse experience, maybe we should double his estimate instead of reducing it.

That is the basis for the $308,473,000 figure which appears in the table, which the senior Senator from Oregon [Mr. MORSE] caused to be printed in the CONGRESSIONAL RECORD for June 13, 1956, at page 10211.

The Senator from Oregon should check his figures. He, too, had appeared as a witness before the Senate subcommittee, at its 1955 hearings on S. 1333—page 453. There the Senator himself stated that according to the latest figures the Hells Canyon Dam and powerplant will cost $356,810,000; transmission lines, $144,274,000; additional turbines and generators at downstream dams, $53,707,000, for a total of $559,791,000, in round numbers.

I am sure, Mr. President, able lawyer that he is, the Senator is not a construction estimator so he must have obtained these figures from reliable sources and, in fact, they are subject to verification in numerous official studies and reports made by responsible officials of the Bureau of Reclamation.

Again, it must not be overlooked—see hearing report, pages 451 and 452—that the above figures which the Senator gave to the subcommittee do not include interest during construction, estimated at between $26 million and $27 million. So, according to the Senator's own figures, and they are the official figures of the Bureau of Reclamation, the total cost of the Hells Canyon Dam—including transmission lines, and the additional turbines and generators that would have to be installed at downstream dams in order to obtain the 924,000 kilowatts of power output referred to in the tabulation—would not be $559,791,000 as he stated, but—using the lowest figure for interest during construction, hearing report, page 451—would be $586,321,000.

But, Mr. President, the Hells Canyon powerplant and transmission facilities are not all

that S. 1333 and companion House bills would authorize. Also included are 2 additional powerplants on Scriver Creek, estimated to cost another $52,134,000. In the controversy over Hells Canyon, this part of the bill has been completely overlooked. And when you add the reregulating dam below Hells Canyon, which the Army engineers said was necessary and which I am sure the Bureau of Reclamation would find necessary, after the project was started, of course, you add another $50 million.

When we talk about authorizing S. 1333, Mr. President, we are not talking about $308 million—we are talking about over twice that much—almost $700 million.

Mr. President, my colleagues who are really interested in reclamation and irrigation had better look this one over for a long time before authorizing a power project that will eventually require $700 million of Federal funds. This one will separate the true friends of reclamation from advocates of all-out Federal power. Over a period of the past 10 years the Bureau of Reclamation has received in appropriations for construction purposes about $1,950,000,000, an average of $195 million a year. If we authorize the Hells Canyon development, and I must assume that those in favor of authorization are in favor of appropriating the money to build it, it will mean that approximately $87 million a year will come out of the Bureau construction funds for this power project. We need not delude ourselves. The Bureau of Reclamation will only get so much money each year for construction purposes and every cent of that money used for a strictly power project is just that much less money for irrigation.

Irrespective of his ideology on the private enterprise versus Government socialism of the electric industry, I fail to see how any true friend of reclamation can support diverting funds from the limited appropriations granted reclamation to build Federal power projects unless his belief in this socialistic endeavor is so fanatical that he is willing to make any sacrifice to further its cause.

Mr. President, erroneous statements of power costs, construction costs, and available capacity are not the only misstatements of fact the proponents of a Federal development at Hells Canyon have used in an attempt to mislead the people on this subject. We continually hear the charge that the Idaho Power Co. is a foreign corporation. I thought I had put the quietus on that sort of humbuggery when I inserted in the CONGRESSIONAL RECORD, volume 102, part 8, pages 10804–10805—an exchange of correspondence between Mr. T. E. Roach, president of the Idaho Power Co., and the senior Senator from Tennessee [Mr. KEFAUVER], in which Mr. Roach completely refuted any such charge. But the Federal power advocates continue the charge in their speeches and their publications.

Mr. President, we in public life should be very careful of our public utterances. We are privileged to represent the people in a very distinguished position. The dignity of the position demands such respect that people are likely to accept what we tell them as fact, unless they have had the opportunity to study the subject and know otherwise. So we owe the public a solemn duty to be sure of our facts when making public statements. It is embarrassing to go back to our public and tell them something we had stated as fact we later found was not true. Too many are prone to let the first statement ride without correction, hoping that it will not come back to haunt them and that is particularly true if the erroneous statement was effective in helping their side of an issue.

I do not know where this charge of foreign corporation leveled at the Idaho Power Co. got started, but I do know that the charge originated in order to prejudice the people against the company. Of course, the word "foreign" could leave several implications. Some might think that some foreign government owned this company, and I am sure that impression would be all right with the originators of the charge, for that would certainly increase the prejudice. On the other hand, some may think of that sinister group located in an area bounded on the south by Philadelphia, on the north by Hartford, on the east by the Atlantic Ocean, and on the west by some line not many miles inland, as foreign. But the Idaho Power Co. was incorporated in Maine. Possibly there are some who still think of that State as foreign although they would not turn down her delegates' votes when seeking high office at the national convention of their party.

I am sure, however, that if pinned down, the originators of the charge "foreign" would say they meant that the local people served by the company did not own it lock, stock, and barrel. Well, I wonder if there is any utility operation, whether it be public or private, where the local people served put up all of the money to finance it. When municipalities, public utility districts, and State authorities issue revenue bonds to finance their utilities, they sell the bonds to investment houses, most of them located in the area I bounded a few minutes ago. Private companies finance their expansion by issuing stocks and bonds and by distributing them to the public through investment houses.

I am certain that the people of Idaho have invested many times the interest in the Idaho Power Co. that the 1.17 percent interest the people of Tennessee have invested in the Tennessee Valley Authority represents.

And if Congress is ever so foolish as to permit the TVA to issue revenue bonds, I feel sure the bonds will be sold to the general public through the channels of investment houses. I would also wager that when the bonds were distributed, the ownership in Tennessee would not exceed the present 1.17 percent. I am sure also that if someone called the Tennessee Valley Authority a foreign corporation, the senior Senator from Tennessee [Mr. KEFAUVER] would be the first one on his feet protesting in righteous indignation, despite the fact that the people of Tennessee had only put up 1.17 percent of the investment.

Every director and every officer of the Idaho Power Co. lives in the area served by the company. The company was incorporated in Maine in 1916 for good and sufficient reason, as explained in Mr. Roach's letter, but the company has to conform to the corporation requirements of every State in which it operates.

Mr. PAYNE. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. PAYNE. Those good and sufficient reasons are undertaken by a good many other corporations, too, because of the very favorable climate in Maine for the organization of corporations.

So far as Maine being in a foreign country is concerned, it is true that in 1936 there were some persons in the United States who thought Maine and Vermont were in foreign countries and outside the borders of the United States. But since that time, I am happy to say, the other 46 States generally have seen the wisdom of joining us, so that we are all one country at the present time.

Mr. GOLDWATER. I am grateful to the distinguished Senator from Maine for explaining to our colleagues in the Senate what I mean by a proper climate for corporation formation. I happen to know something about the desirable climate of Maine for that purpose, because in connection with the incorporation of my own firm we looked into Maine very thoroughly. However, we went to another State for reasons which were good and sufficient unto us.

Mr. President, the company has wisely refrained from the foolish expenditure of $300,000 to change the place of incorporation, which would serve no useful purpose, never dreaming that anyone would direct prejudicial charges at it for not having done so.

Mr. President, while talking about misleading statements and erroneous information, I also invite your attention to the charge of little dams. Every statement I have heard and every article I have read in opposition to the company's development has referred to the three little dams. The junior Senator from Oregon [Mr. NEUBERGER] referred to them as pygmy dams. What impression does the expression pygmy leave with you? If I referred to dams as "pygmy dams," I would be thinking in terms of somebody's stock water tank. I feel certain the junior Senator from Oregon would not be too disappointed if the people got the same idea from his description of the three company dams.

What will be the size of the three company dams, Mr. President? The Brownlee Dam, 1 of the 3, will be among the 15 largest in the United States, and there are a great many dams in this country. It will be 395 feet high. What is pygmy about that? The Oxbow Dam will be 205 feet high, and the Hells Canyon 320 feet high. What is pygmy about those dams, Mr. President? Those are big dams, all three of them. So why should the public-power advocates continually refer to them as three small dams, and why should a United States Senator continue to call them pygmy dams?

Another thing on which proponents of a Government Hells Canyon Dam are trying to mislead us, Mr. President, is flood control. One would think that if the Government did not build the dam, the whole lower valley of the Columbia River would be flooded out. Well, only recently there was a flood out there—the third largest on record. The Army engineers and the United States Geological Survey made their computations. One can read all about this in the Oregon Journal of June 19, 1956.

The record shows that, if high Hells Canyon Dam had been in existence, the flood crest at Vancouver would have been reduced by eight-tenths of a foot. It also shows that the Brownlee Dam, one of the company dams, would have reduced the crest by six-tenths of a foot—only two-tenths of a foot less than the high Hells Canyon. Mr. President, that is less than 2½ inches. Have we become so free with the taxpayers' money that we are willing to spend a quarter of a billion dollars more than the company is spending for less than a 2½-inch reduction in a flood crest? How wild eyed can we get?

I commend the Oregon Journal article to you Senators. It goes on to say that if Pleasant Valley Dam on the Snake River, for which the Pacific Northwest Power Co. is now seeking a license, is built, it, together with the Idaho Power Co. dams, would give control equal to that of a high Hells Canyon Dam.

When we consider navigation, the company plan is superior to the Government plan. The Army engineers say that navigation requires a minimum release of 5,000 second-feet. The company plan contemplates exactly that, while the release from the Government dam would vary down to less than 2,000 second-feet.

The company plan is far superior for fish, wildlife, and recreation. Two of its lakes will be at a constant elevation, while the elevation of the third lake formed by the largest of the dams will fluctuate within reasonable limits. The elevation of the water in the lake to be formed by the high Federal dam would fluctuate as much as 289 feet. Anyone who has had experience with lakes subject to large drawdowns knows that such lakes are very unsatisfactory for fish propagation and recreation facilities. Recreation

facilities at water's edge at one time may be miles from water at another time, with nothing but mud flats in between.

Another old, wornout charge which we continually hear from the Federal Hells Canyon people is the cry of "giveaway". What is being given away, Mr. President? The company is not being given any water. As a matter of fact, if some of the water the company is depending upon is used for irrigation upstream at a later date, the company will simply be out of luck. It is not being given any concrete or any equipment. No, Mr. President, the company is not being given anything. It is simply permitted to spend money, money invested in the company by American citizens who have confidence in its management to build facilities to supply American people with a very necessary service. The company pays taxes to the local, State, and Federal Governments at the rate of 31 cents on every dollar it collects for this service and the investors pay taxes on the dividends and interest they collect from the company for money they have invested to finance these facilities. The company also provides for public benefit flood control, navigation, and recreation without cost to the Federal treasury.

Mr. President, the people who finance the company facilities do so willingly. But what do the Federal High Hells Canyon people want? They want to take our taxes, yours and mine, from citizens all over the country, although they may be unwilling, and invest this conscripted money in an undertaking that will and should be constructed by local people through private enterprise. And that is not all: The power from this Federal facility would be tax free. Although built with the confiscated taxes of all the people, this proprietary business venture would pay no taxes. It would dodge paying its fair share of the very taxes that would be used in part to build it. And that is still not all; the power produced at this Federal business undertaking would be reserved for distribution by public agencies that also dodge taxes.

No, Mr. President, we who favor private financing and construction of the Hells Canyon reach of the Snake River are not favoring a giveaway of anything that belongs to the people. We are opposing a takeaway of something which belongs to all of the people, namely their money, taken away from them by taxation.

It is extremely hard for me, Mr. President, to follow the philosophy of these Federal power proponents, the reason being that it is inconsistent and simply does not make good sense.

They claim that private industry is not doing the job; that it is necessary for the Federal Government to step into the business of producing electric power. And that applies whether it is hydro or atomic energy. They are always visioning power shortages. And yet every time private industry starts an undertaking, these same Federal power advocates leave no stone unturned to oppose private industry. We have it now on the Hells Canyon issue. They fought that before the Federal Power Commission, are fighting it in the courts, and are now fighting it before the Congress. The Pelton development is the same story. It was fought before the FPC, then in the courts, and now before the Congress. John Day, Trinity, Pleasant Valley, Mountain Sheep, and others are all objected to by this same group of individuals and organizations.

They say, "the Government has got to do it because private enterprise cannot, or will not, but if private enterprise tries we will fight it every step of the way—through the commissions, through the courts, and through the Congress." Mr. President, what kind of reasoning do you call that? Do you have any question as to why I have a difficult time trying to understand it?

They claim that natural resources belong to all of the people, so only the Government should develop them. Of course, now they are talking mostly of water, and in particular hydroelectric power. But I am sure that once they put their water philosophy across, the next step will be toward coal, oil, gas, land, and other resources. But aside from that, they claim that when these resources are developed, the electric power should be made available to a selected few of the citizens—only 20 percent of the total—who are supplied power by some form of Government operations.

Mr. President, what kind of philosophy is that? The resource belongs to all the people, so it should be financed by tax money from all of the people, but the benefits should go tax free to a privileged minority of the people. Mr. President, are you now beginning to get the idea of why I have such a hard time understanding such illogical arguments?

Another thing these Federal power advocates argue, Mr. President, is that electric power is such an essential commodity to our way of life that it should be made available to all our people in ample quantities at a cheap price. I agree that electric power is an essential commodity, but I also know that it is cheap now—the cheapest element in our family and industrial budget. I know, too, that it is not Federal competition that has made it cheap. It is cheap because of technological advancements made by private industry over the years.

But how sincere are these people, Mr. President? They say an abundance of power is needed; yet they do everything within their power to stop development of additional power, even in areas threatened with a power shortage. That is what they are trying to do at Hells Canyon now, and in other places in the Pacific Northwest. They would rather see a power shortage than have private industry develop the supply.

And what about the cheap part? The only place they want to see cheap power is where it is subsidized with tax funds; otherwise why do they contest private industry's attempts to develop a source of cheap power for their customers?

Moreover, Mr. President, when the Federal power advocates talk about making cheap power available, one would think they were talking about making it available to the little fellow—the homeowner. But, Mr. President, as soon as the power is available they start talking about getting industries into the area. Of course, it does not matter that the industries would come from other areas or would otherwise locate in other areas where electric power is supplied by privately financed electric companies. No; it is perfectly proper with them to use tax-free subsidized Federal power as the bait to entice industries to locate in the Federal power area. They do not recognize the fact that it is the industries which use the power that get out of paying the taxes on it—industries which compete with other industries, some with their power bill subsidized by the Federal Government as against others which pay their full share of taxes on the electric power they use. What kind of Americanism is that, Mr. President? Is it any wonder that I have a hard time finding any logic in their arguments?

There is still another contention, Mr. President, and that is we have to have Federal power in order to furnish competition with power companies and hold rates down—a yardstick, so to speak. But what kind of a yardstick do these people want to use? Is the measurement by the same standards? Oh, no, Mr. President, I find that the Federal power advocates have two standards of measurement—a 36-inch yardstick for the power companies, and a 20-inch stick for the Government power. We were not taught to measure in that fashion by our forefathers who established our form of government. In their philosophy a yardstick was a full 36 inches and all citizens were measured by the same standards.

For the past several years we seem to have accepted the two units of measurement concept. As taxes on the power companies have increased and subsidies to Federal power operations have increased, the yardstick applied to Government power has become shorter. If we continue this trend, it will be only a matter of time until electric utilities in this country will be in Government ownership and operation. That is nationalization of a basic industry, Mr. President. After taking the step with one industry, it will be only a matter of time until we nationalize other basic industries. Passage of S. 1333 would be a big step in that direction. If we are ready to stop private development at Hells Canyon and launch the Federal Government into an all-out proprietary business undertaking, I can see no end in sight.

Mr. President, I have put in a great deal of study on this Hells Canyon question. I have read most of the statements and claims of the proponents of the bill, and I have studied the hearings held before the Federal Power Commission. In this speech I have cited misstatements of fact, misleading representations, and pure distortions of the truth. I have yet to see or hear one statement—I repeat, one statement—by the proponents of this proposed legislation purporting to be fact that will withstand the light of impartial analysis. I have reviewed some of the arguments advanced in favor of Federal power and shown them to be illogical, discriminatory, and entirely foreign to the basic concept of our free-enterprise system. I hope and pray, Mr. President, that this, the greatest deliberative body on earth, will rise above partisan politics and bury once and for all this un-American attack on our free-enterprise system.

Actions speak louder than words, Mr. President. By the yea-and-nay vote on this bill, we shall know those who truly believe in our present system and those who would launch the Federal Government into foreign ideologies which have proved the downfall of every government that has tried them.

VISIT TO THE SENATE BY SENATOR MILADY L'OFFICIAL OF THE DOMINICAN REPUBLIC

Mr. JOHNSTON of South Carolina. Mr. President, I should like to introduce to the Senate a distinguished visitor, Senator Milady L'Official of the Dominican Republic, who is accompanied by Miss Maria Perdomo, First Secretary of the Dominican Embassy.

The PRESIDING OFFICER. May the Chair state, in behalf of the Senate, that we are delighted to have these distinguished visitors with us. [Applause, Senators rising.]

FIFTEEN-HUNDRED-DOLLAR BILL STUNS PARENTS OF RESCUED BOY

Mr. PURTELL. Mr. President, in the course of our daily lives, we have become accustomed to the ordinary run of what may be termed the usual quota of sensational news in our daily papers. If we are seasoned, we discount the sensations and put them in proper perspective in the day's news.

But on rare occasions we come upon an item that touches the heart and excites the emotions because it is so unusual.

Such an item was printed in the Nation's newspapers this morning. It shocked me profoundly because it seems to be a callous affront to the whole character of our people.

Let me recount briefly the circumstances on which this morning's item is based.

Some 5 weeks ago, little 6-year-old Benjamin Hooper, while playing in the yard of his parents' modest home, fell into and was trapped in a well his father was digging. Frantic efforts of his father to release him proved unsuccessful and the community of Manorville, Long Island, became aroused at the boy's plight.

Firemen, policemen, public-utility workers, and hundreds of others from the local and surrounding communities literally dropped everything and concentrated on preventing a tragedy in the lives of this little boy and his parents. Searchlights, oxygen supplies, earth-moving equipment, and other materials were rushed to the wellhead to aid in the rescue.

The plight of the boy and the desperate fight of his rescuers to release him before life was choked out of him drew the attention of the Nation. Bulletins appeared hourly on the radio and television and newspapers reported progress of the rescue. Soon the whole Nation was aroused to this small human tragedy being enacted in Long Island. Thousands of messages of hope, courage, and sympathy poured into the home of his parents. Bibles, prayerbooks, cards, toys, and small sums of money came spontaneously from the hearts of people in every section of the country and millions of prayers were offered in churches, homes, and places of work.

The boy's rescue seemed hopeless as method after method failed to bring satisfactory results. Finally, a countershaft was sunk and buttressed parallel to the well where the boy was trapped. A continuous shift of handworkers operated around the clock to dig a lateral tunnel to the well imprisoning the boy. It was as if God were watching over the youngster because after interminable hours, in which he could hardly be expected to live, he was finally reached and lifted out alive. The whole country breathed a sigh of thankfulness and of gratitude to those who toiled to free the boy at what was truly a miracle rescue.

Little Benny Hooper was rushed to the hospital and remained there for 7 days while a case of pneumonia was counteracted. Today, the boy is healthy and well and another tragedy which wrung the heartstrings of our people had been averted.

I wish I could say this was the happy end of this episode. It could have been the end of it, but for the shocking item in this morning's news. This item bears the headline: "One Thousand Five Hundred Dollar Doctor Bill Stuns Parents of Rescued Boy."

It seems that Dr. Joseph K. Kris, who was described as a volunteer and who attended the boy all during his ordeal and in the hospital afterward, feels that Benny Hooper's tragedy is just another commercial call. It is he who sent this $1,500 doctor bill to the parents of the boy.

I do not doubt that Dr. Kris performed the services stated in his bill. He says his colleagues told him he would be foolish not to present a bill. He says that his time is worth $30 an hour; and he probably feels generous in charging only half of what his 100 hours of service would have amounted to.

I cannot believe that this represents the thinking of the medical profession today. I am sure that it does not represent the traditions of that great profession.

But, Mr. President, this is not an ordinary case. The Nation was aroused over this impending tragedy. Over 200 workmen rushed to the scene and gave of their time freely. These volunteers worked more than 23 hours around the clock. The hospital made no charges for the 7 days the boy had to spend there. Dr. Kris himself was listed in the newspaper accounts of the event as among the volunteers.

A Negro worker, Sam Woodson, took on the extra dangerous task of going through the small, unstable lateral tunnel to reach the boy. He had worked around the clock at the well and risked his life to rescue the boy.

Not one of all these people whose sympathies were aroused by the plight of this little boy ever thought of asking a penny's compensation. None rendered a bill for services or risk of life.

Only Dr. Kris seems to think that this was a case within the routine run of medical business. His bill for $1,500 has stunned the modestly situated parents of Benny Hooper.

From all reports of their circumstances, they cannot possibly pay this bill. They have already suffered much in damages to their property, unexpected loss of worktime and wages, not to mention the shock of the tragedy to their emotions and health.

Yet, they are now faced with this medical bill which would be large even for many in far better circumstances.

Mr. President, if this doctor must exact the last pound of flesh from the practice of his profession, perhaps we can prevail upon the thousands of people whose hearts were touched 5 weeks ago to make one more display of America's great reputation for human kindness. I think we ought to appeal to them to take up a collection to pay this doctor what he feels he must get from this tragedy. And I am willing, out of the outrage to my soul, to subscribe the first $50 to such a fund.

Mr. THYE. Mr. President, will the Senator yield?

Mr. PURTELL. I yield.

Mr. THYE. I too read the same article to which the Senator from Connecticut has referred. It was as shocking to me as it was to my colleague, the distinguished Senator from Connecticut.

I am glad the Senator has spoken as he has on the floor of the Senate, voicing his sadness and indignation that such a bill should be rendered to these unfortunate parents. I thought that the colored man who lay in the tunnel, digging with his bare hands in trying to protect the little boy and to free him from the entrapping sand, was probably rendering a greater service than the doctor who controlled the valve at the oxygen tank.

I commend the Senator for having spoken as he has. It had to be said, and the matter had to be brought to the attention of the public, in order to show just exactly what this doctor is doing.

Mr. PURTELL. I am about to finish my remarks. I call attention to the article in the newspaper which quotes the doctor as saying: "He must be a great boy. He takes things as they come." I am glad the doctor at least recognizes this virtue in someone else.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. PURTELL. I yield.

Mr. PASTORE. If I may give a little bit of advice, it would be that the Hooper family consult their legal aid society to determine their legal responsibility for the bill. If the doctor volunteered his services and he served as a volunteer, and there was no intention at the time that he be compensated for his services, and the family understood at the time that they were not to pay him, there is no legal responsibility in the premise. I think they ought to take it up with the local legal profession. I know that there are throughout the country local legal agencies to assist people who cannot afford to pay for legal services. The parents can get such legal advice by applying to the local legal aid society.

Mr. PURTELL. I do not know under what circumstances the doctor was called to render his professional services. I assume that the legal profession in the neighborhood will advise the parents of the boy. All I know is that they got a bill from the doctor for $1,500.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6500) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1958, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 10, 20, and 28 to the bill, and concurred therein, and that the House insisted on its disagreement to the amendment of the Senate numbered 1 to the bill.

The message also announced that the House had passed a bill (H. R. 7125) to make technical changes in the Federal excise-tax laws, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 7125) to make technical changes in the Federal excise tax laws, and for other purposes, was read twice by its title and referred to the Committee on Finance.

THE UNITED NATIONS SPECIAL COMMITTEE REPORT ON THE HUNGARIAN UPRISING

Mr. JAVITS. Mr. President, we have before us today one of the most epoch-making reports which has ever been issued by the United Nations, and the Senate certainly should give it the strictest attention. It is a report issued by the United Nations Special Committee on the Problems of Hungary, which exposes the tragic crimes committed against the people of Hungary by their Soviet masters and the real masters of Hungary.

What makes it so significant is that the factfinding committee is composed essentially of small powers—indeed, some powers which may have been considered neutralist—and therefore the report is weighted on the side of complete objectivity. I believe that the names of the men who served on the committee, to whom the world is greatly indebted, should be mentioned. They are Alsing Andersen, of Denmark; Mongi Slim, of Tunisia, a new country; Enrique Rodriquez Fabregat, of Uruguay; and R. S. S. Gunewardene, of Ceylon.

The Soviet Union has been trying very hard to throw a great deal of dust in the air in an effort to deny that it was enslaving its satellites and had repressed Hungary by force.

We now have an objective finding by four distinguished men from small countries, who state that this was one of the high crimes and misdemeanors committed against mankind.

Our State Department has expressed the view—and it is a view which I believe the Congress should endorse—that this report stands as a grave indictment of Soviet misdeeds in Hungary and of the repression which has been ruthlessly applied in that unfortunate country at Soviet direction.

Everyone of us in the Congress should back the proposed action of our country, which, according to the State Department, is that we shall seek all practical redress of the wrong that has been committed, in violation of the principles of the United Nations and of elemental requirements of humanity.

Mr. President, I hope that every power in the world which favors mediation between the United States and the U. S. S. R. as to international tensions will be clear eyed enough to see that mediation is open only when nations have clean hands, and that the Soviet Union must come into the court of mankind with clean hands and must cleanse itself of the crimes against the people of Hungary.

CONSTRUCTION OF HELLS CANYON DAM

The Senate resumed the consideration of the bill (S. 555) to authorize the construction of the Hells Canyon Dam on the Snake River, between Idaho and Oregon, and for related purposes.

Mr. NEUBERGER obtained the floor.

Mr. KEFAUVER. Mr. President, will the Senator yield so that I may suggest the absence of a quorum?

Mr. NEUBERGER. I would do so ordinarily, and I appreciate very much the Senator's courtesy in that respect. However, the majority leader said earlier today that a great many Senators were eager to vote before very many more hours of the afternoon had elapsed, because many of them had made commitments over the weekend. For that reason, if it is agreeable to the Senator from Tennessee, I should like to save the time of the Senate by not asking for a quorum call at this time. I am afraid a quorum call would consume too much of the fleeting time which remains for the disposition of the bill.

Mr. KEFAUVER. Of course I shall abide by the decision of my friend, but we could have a quorum call started and call it off at any time, if necessary.

Mr. NEUBERGER. I appreciate the Senator's courtesy. However, since the majority leader stated earlier today that he wanted to save time, I should like to proceed without a quorum call, which would perhaps produce a larger attendance on the floor, but I appreciate the Senator's kindness.

Mr. President, one of the most urgent reasons for passing the bill for a high dam at Hells Canyon is to protect one of the last great upland wilderness realms remaining within the borders of the United States.

Let me explain what I mean. The people of the Pacific Northwest are entitled to flood-control safeguards and to hydroelectric power for industries, farms, and homes. In the Senate, on June 1, 1955, the prediction was made by me that if this flood control and power were not obtained at Hells Canyon, a move would develop to obtain it by desecrating the vast Clearwater-Salmon River solitudes. This is the only part of the fabulous Lewis and Clark trail, from St. Louis to the Pacific's shores, which is still in its original primeval grandeur.

Unless the high Hells Canyon Dam is built, I fear that the scenery, wildlife, migratory fisheries, and wilderness majesty of this unparalleled region will be sacrificed to reservoirs providing power and flood control.

This is no idle or academic fear. It is desperately real. Indeed, it is upon us now. My prophecies of 2 years ago have materialized even earlier than I thought they would.

Bruces Eddy Dam on the north fork of the Clearwater River actually has been authorized by the Senate—over my strenuous objections, I might add—and now is pending in an omnibus bill before the House Public Works Committee.

Mr. THYE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. THYE. I am not familiar with the valley, except as I have looked at it on the map. Is Bruces Eddy below the Hells Canyon area, or above it?

Mr. NEUBERGER. Bruces Eddy is in the Snake River Valley, which is a part of the Columbia Basin. However, Bruces Eddy is a part of the Clearwater River system. It is on the North Fork of the Clearwater River, not far from Lewiston, Idaho. Lewiston, Idaho, is about 100 or 120 miles below the site of the proposed Hells Canyon Dam.

Mr. THYE. That was my understanding as I studied the map. It is a little difficult for me to associate the importance of Bruces Eddy from a conservation and wildlife standpoint in relation to the Snake River and the Hells Canyon installation.

Mr. NEUBERGER. If the Senator from Minnesota will listen to my remarks a little further along, I will attempt to make the association for him. I might say, in very brief reply to the question he has voiced, that Bruces Eddy, Penny Cliffs, and Nez Perce, all projects which would be immensely injurious and perilous to wildlife, have been proposed as alternatives to Hells Canyon, so that the flood control and power lost by the abandonment of the Hells Canyon site would be recovered at the alternative sites in the same river basin.

Mr. THYE. Would the construction of a high dam in Hells Canyon on the Snake River foreclose any future possibility of developing either Bruces Eddy or any of the other installations?

Mr. NEUBERGER. It would not impose any legal restrictions on such development, but it would make less likely, certainly for a good many years in the future, that there would be pressure on those sites for power and flood control, because the high dam at Hells Canyon would provide an additional supply of both.

Mr. THYE. My questions are in the interest of seeking information, not in an endeavor to obstruct. My understanding is that the power requirements are such that there is a need for only two installations by Idaho Power Co. at present, and that the third is a matter for the future. That is the information which the Federal Power Commission has in its records, as it was read to me when I sought information on the floor less than an hour ago.

Mr. NEUBERGER. There must be a need for more power, because the Bruces Eddy project, which is opposed by virtually every great outdoor conservation group in America, has already been authorized by the Senate in an omnibus public works bill.

Mr. THYE. Is the Bruces Eddy project strictly a power development, or is there some flood control feature involved in it.

Mr. NEUBERGER. At Bruces Eddy both power and flood control are involved, although to a substantially smaller degree than at the proposed high dam at Hells Canyon.

Mr. THYE. What is the distance in actual mileage between the Hells Canyon Dam site and Bruces Eddy?

Mr. NEUBERGER. They are not on the same tributaries.

Mr. THYE. I grant that, but I am speaking of geographics—distances in miles.

Mr. NEUBERGER. I would have to estimate it cursorily. It would be probably 120 miles, as the crow flies, over the mountains. There are several great mountain ranges intervening, such as the Seven Devils.

Mr. THYE. This is strictly rugged terrain, is it?

Mr. NEUBERGER. Very rugged.

Mr. THYE. Therefore, to construct transmission lines would be almost impossible. To attempt to transmit current from Hells Canyon over the mountains into the valley of Bruces Eddy would not be practicable. Therefore, Bruces Eddy, for the purpose of the generation of electricity, is not a site from which power could be wheeled by transmission lines over the rugged terrain of the mountains.

Mr. NEUBERGER. I think the Senator from Minnesota misunderstands the manner in which the power would be used. There is no need for power at Bruces Eddy, which is located in a vast wilderness. The power would be generated there, but it would be carried downstream by transmission lines and put into the general Bonneville pool system, perhaps at Lewiston, Idaho.

Mr. THYE. Is not the distance from Bruces Eddy to the Bonneville system closer by 100 miles than to Hells Canyon?

Mr. NEUBERGER. No, not at all. Hells Canyon, if I am not mistaken, is west of the Bruces Eddy area, and is therefore closer to Bonneville. These areas are in very high mountains, not necessarily on the same tributary of the Columbia.

I do not see what the Senator from Minnesota is driving at, because all the power from the proposed Federal projects in this area would go into the Columbia River system.

Mr. THYE. The Senator from Minnesota is not driving at anything; he is trying to draw from a vacuum of considerable confusion, caused by varying statements of first one Senator, and then another, who has spoken, information concerning the installations and the generating potentials of Hells Canyon, Bruces Eddy, and other locations in that vast area. I am asking the questions only to get as much information as I can. I am not driving at anything.

Mr. NEUBERGER. The proposed projects are on different tributaries, but they are a part of the general Columbia River system. If one project is abandoned, or if one project is ruled out because the site is taken over for a smaller capacity of generation by a private utility company, pressure will immediately spring up in the region to utilize less favorable sites because of the need for flood control and power.

One paragraph I was about to read, when the Senator asked me his very valid question, bears directly on this point.

Mr. THYE. If the Senator will bear with me, and will permit me to ask one more question, some conservationists, sportsmen, and other persons who have been most influential and helpful in the development of the wilderness area of northeastern Minnesota have written to me, expressing great alarm over the danger of destruction to wildlife, game, and fish which may be involved if the high dam is not constructed. I have endeavored to gather all the information available to determine why they have such a fear. In the event Idaho Power Co. were permitted to proceed with the construction of its dams, why will they involve the jeopardizing of wildlife, including game and fish, in the entire network of streams in the vicinity of that area of the Nation?

Mr. NEUBERGER. I know the Senator from Minnesota, who is an ardent conservationist, is concerned with the future of wildlife and fish. The best analogy I can make is that when Meriwether Lewis and William Clark, the first Americans who went west with our flag, came through the very region of which we are speaking, they were short of game; they had nothing to eat. They were starving. They found no wildgame animals while they crossed the Bitterroots. They had to kill their horses for food. That is the best parallel I know of in this situation. Because of a lack of game, they resorted to eating their horses. Because of a lack of good power sites, people today may be goaded into using sites which will endanger our wildlife.

The Hells Canyon site is a site from which, if the high dam is built, the people of the great Northwest can obtain hydroelectric power and flood control to a high degree. If that site is abandoned and the high dam is not built, pressure will spring up, and has already started, to get alternative kilowatts of power and also flood-control advantages at sites in the region which will do great damage to migratory fish, big game animals, and wilderness areas which have been dedicated for recreation. That is the specific situation involved in this controversy.

Mr. THYE. I thank the Senator from Oregon.

Mr. NEUBERGER. In a letter from a White House administrative assistant to seven Pacific Northwest Senators, both Bruces Eddy and the Penny Cliffs Dam, the latter across the beautiful Middle Fork of the Clearwater, have been proposed as alternatives to Hells Canyon.

Furthermore, the staff of the Federal Power Commission has recommended the Nez Perce Dam as another alternative to Hells Canyon. This dam would imperil the great Chinook salmon pilgrimages of the Columbia Basin.

These alternatives, if carried out, would spell the doom of the scenic and wildlife resources to which I have referred. Bruces Eddy will choke off steelhead migrations and will flood the winter feeding grounds of our Nation's largest surviving elk herd. Penny Cliffs will thrust a reservoir into the marvelous Selway-Bitterroot wilderness area; it would create an impounded artificial lake along the crystal-clear Lochsa Fork of the Clearwater, which has been spared in its primeval state ever since the great explorers, Meriwether Lewis and William Clark, trudged down its shores a century and a half ago, with the American flag.

All of these adverse effects upon our last great timbered frontier of mountains, uplands, and wilderness could be avoided if only the high dam at Hells Canyon is built. At Hells Canyon, through the erection of the Government dam, we can obtain in the future an ultimate 1,122,000 kilowatts and 3.8 million acre-feet of flood-control storage.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. MORSE. First, I wish to thank my colleague once more for the great leadership he is extending to our State and our country in regard to the issue of full river basin development.

Mr. NEUBERGER. The real leader in this fight is the senior Senator from Oregon, as he has been for many years.

Mr. MORSE. No; we have teamwork in this matter. I wish to develop, if I may, a few questions with my colleague, concerning what I consider to be needed answers for the RECORD to a couple of objections I have heard to the high dam proposal.

One of them is the so-called inflation objection, namely, that the authorization of Hells Canyon dam at this time might increase inflationary pressure.

The first question: Is it not true that for some time past we have suffered, particularly in our State, although it is true that the suffering exists in the region as a whole, an unemployment rate, in the long winter months, of from 10 to 12 percent, and that the rate seems to be increasing? Has not that been the case for the past several years?

Mr. NEUBERGER. For the past several years, and particularly during the last winter, the State of Oregon, which the senior Senator from Oregon and I are privileged to represent in the Senate, has had the highest unemployment rate in the Nation, during the winter months.

Mr. MORSE. Does my colleague agree with me that whenever he finds such an economic situation existing in his State, he has the clear duty to do what he can to bring into the State new industries which will create new jobs and will put unemployed men back to work, thus bringing, of course, an economic livelihood to their families?

Mr. NEUBERGER. Of course we have that obligation, and our State desperately needs the type of payroll and economic development which the high Hells Canyon Dam will provide.

Mr. MORSE. Does the junior Senator from Oregon think that the full river basin development, which—as the Senator has pointed out—will bring with it new jobs, is inflationary or anti-inflationary?

Mr. NEUBERGER. I think it is anti-inflationary, because it creates much new wealth which adds to the resources of the country, and the dam will be paid for by the people who purchase the power—just as the Bonneville Dam has been nearly half paid for, although the Bonneville Dam has been in operation for only 20 years, this year.

UNANIMOUS REQUEST AGREEMENT

Mr. JOHNSON of Texas. Mr. President, I wonder if I may have the attention of my friend from Illinois, the acting minority leader [Mr. DIRKSEN]. It is late in the week. Most of our colleagues would like to be informed in advance of a vote. Most of the Senators who desire to speak have spoken. We are down to the last few moments of debate. I wonder if it would be agreeable to have some kind of agreement that we begin

voting at about 4 o'clock, after a live quorum is obtained.

Mr. DIRKSEN. I have been canvassing the situation. The Senator from Utah [Mr. WATKINS] would like to have about 45 minutes.

The PRESIDING OFFICER. The Chair will state that five Senators have requested an opportunity to speak.

Mr. JOHNSON of Texas. Will the Chair give me a list of those names?

The PRESIDING OFFICER. The Senator from Idaho [Mr. DWORSHAK], the Senator from Connecticut [Mr. PURTELL]——

Mr. NEUBERGER. The Senator from Connecticut has spoken.

The PRESIDING OFFICER. The Senator from Kentucky [Mr. MORTON], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Maryland [Mr. BEALL].

The Chair is advised that the Senator from Maryland's speech will take 3 minutes.

Mr. MAGNUSON. Mr. President——

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. MAGNUSON. Will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. MAGNUSON. I may say that the Senator from Tennessee will take only about 15 minutes. I myself will take only 5, 10, or 15 minutes.

Mr. JOHNSON of Texas. Mr. President, I shall be glad to change the request to 4:15 p. m. That will be 2 hours from now. I will be glad to agree that the majority use only 30 minutes of those 2 hours, to show my desire to cooperate with the minority. That will allow us 2 extra hours. The majority will use only 30 minutes of that time, and we will yield 1 hour and a half to the minority.

Mr. WATKINS. Mr. President, I am delighted with that, but I wonder why the majority leader is so generous?

Mr. JOHNSON of Texas. Because the minority needs more time than we do.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. JOHNSON of Texas. Mr. President, I desire to make a unanimous-consent request, if I can obtain the form which I have sent for. I have not received it yet.

I ask unanimous consent that at 4:15 p. m., it be in order to suggest the absence of a quorum, and, when a quorum is obtained, that the Senate proceed to vote on the pending measure, provided that the time between now and 4:15 be divided as follows: 30 minutes to the majority, and 1 hour and 30 minutes to the minority, to be controlled, respectively, by the majority leader and minority leader; provided, further, that no amendment that is not germane to the provisions of said bill shall be received.

The PRESIDING OFFICER. Is there objection to the unanimous consent request of the majority leader? The Chair hears none, and the agreement is entered.

Mr. JOHNSON of Texas. Mr. President, I yield my friend the Senator from Oregon 5 minutes.

Mr. NEUBERGER. Mr. President, because of the brief time left for debate, I ask unanimous consent that the rest of the statement I have prepared for delivery be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

HELLS CANYON WOULD SPARE FISHERIES

This development would obviate the need, at least for many decades, of such dams as Bruces Eddy and Penny Cliffs with their destructive impact upon fisheries, scenery, and big-game animals. Every great outdoor group in America is opposed to these alternatives to Hells Canyon.

How tragic is it, Mr. President, that this administration is so callus to values of this imperishable quality that it is willing to sacrifice them in order to appease the avarice and greed of a private-utility empire. Such a decision, although he may not know it now, would haunt Dwight Eisenhower's reputation all through the corridors of time.

Mr. President, America is on the move and America is growing. In 20 years, from 1926 to 1946, the use of recreational facilities in our national forests tripled from 6 million people to 18 million. Their use nearly tripled again in the 10-year period between 1946 and 1956—from 18 million people to over 53 million. Attendance in national parks reflects a similar demand for healthful and inspiring recreation in the outdoors.

The Congress has authorized a program costing $33 billion to build a great 41,000-mile network of interstate highways. This will add to the need for recreational opportunities under the heavens and the stars. People will travel more than ever. The great wilderness basins of the Clearwater and the Salmon Rivers could serve to acquaint countless millions, in the years ahead, with what this continent once was like when the Stars and Stripes first was carried across it.

Shall we end such an opportunity for all time, merely in order to add a few ciphers to the dividends and salaries of the owners and executives of the Idaho Power Co.?

I realize there are many Members of this Senate who, perhaps, will wonder why we should spare the great north Idaho wilderness from commercial desecration. They will feel that the sacrifice of this vast green realm is worth while if it will make possible the surrender of Hells Canyon to so-called free enterprise.

Let me say to those among my colleagues who may entertain such a philosophy, that wilderness values are intangible but they are nonetheless real. Long ago, in America's infancy, the great naturalist, Henry David Thoreau, wrote: "We need the tonic of wilderness to wade sometimes in marshes where the bittern and the meadowlark lurk, to hear the booming of the snipe, to smell the whispering sedge where only some wilder and more solitary fowl builds her nest, and the mink crawls with its belly close to the ground."

That was written by one of the most eloquent and gifted of Americans, long before bulldozers and blasting powder removed most of the solitudes within our borders.

Recently there were found some hitherto-unpublished letters of the great British poet, William Blake. Among them appears this sentence: "The tree that moves some to tears of joy is in the eyes of others only a green thing that stands in the way." Taking off from this moving utterance, I can only add that we shall have removed from our way a resource which can never be duplicated if we permit reservoirs to invade the fastnesses of the Salmon, the Clearwater, the Lochsa, and the Selway in order that this Government can go through with its complete relinquishment of Hells Canyon to the Idaho Power Co.

HELLS CANYON HIGH DAM CONSISTENT WITH WILDLIFE

I believe the Columbia River can be developed in such a way that maximum production of both fish and kilowatts can be attained. But this invaluable goal may not be reached if the Hells Canyon area is abandoned to wasteful, partial development. The conclusion is inescapable. If the potential of Hells Canyon is wasted, the total benefits from use of Columbia Basin waters will be sharply reduced for all time to come. A basic conservation principle rides with the fate of the bill now before the Senate, but other issues of economic and governmental policy are at stake, too.

For many generations it has been the policy of our Government to spend river-control funds where the need for such expenditures has existed. That is why about 38 percent of all Corps of Engineers' appropriations has been invested since the year 1900 on the Mississippi-Missouri River system. This is the principal river system of our country, and it is where the major threat of floods has existed.

Second greatest of our river systems in volume of water is that of the Columbia, and it exceeds the Mississippi-Missouri substantially in power potential because the Columbia bisects lofty mountain ranges rather than meandering across flat prairie and plains. In 1933 President Franklin D. Roosevelt commenced the first Federal power and flood-control developments in history on the Columbia River.

But since 1953 not one power and other multipurpose undertaking has been authorized by the Federal Government in the river basin where murmurs approximately one-third of all the potential waterpower available in the United States. This is not only discrimination. It is blind and senseless waste of a resource of incalculable value, as the surging reaches of the Columbia pour unchecked and unused to tidewater and the sea. That is why the Hells Canyon issue is so vital a test. It is a test of whether or not the great Government of the United States plans to use in the public interest—nay, in the national interest—the single greatest source of inexhaustible energy within our borders.

Lack of new construction starts at Columbia Basin Dam sites is ample evidence that the administration has turned its back on needs of the region since 1953.

Although the Columbia annually discharges 180 million acre-feet of water, its reservoirs store only about 9 million acre-feet, or less than one-third the goal sought by Army engineers to curb costly floods such as the one which claimed 52 lives in 1948. The Columbia is capable of turning generators to produce over 30 million kilowatts, but the output of Federal projects existing and under construction will provide only 4 million kilowatts, or about one-eighth of the potential power. The Columbia is the Nation's only great river to traverse a major mountain range, but only a fraction of its capacity for handling waterborne commerce has been developed. Although the region has about 4 million acres of farmland under irrigation, water is available to bring another area of like size into production.

In light of the benefits possible from full development of Columbia Basin water resources, it is difficult to explain the administration's wanton discrimination against further Federal participation in this field. Perhaps part of the reason derives from the fact that some westerners themselves are among the most vocal critics of Columbia River projects. I have heard the claim that Pacific Northwest States already have received more than a fair share of Federal

funds for water-resource projects. Yet the region has vast power potential, a threatening flood problem, great possibilities for navigation and irrigation. Where should investments be made except in an area with latent assets and imminent dangers inherent in the handling of its water resources?

COLUMBIA POWER SYSTEM IS FINANCIAL SUCCESS

Similarly, critics of the Federal Columbia River power system have argued that the Bonneville Power Administration sells power at a price below the cost of production at individual dams. It is true that the Bonneville Power composite average rate of 2.38 mills per kilowatt-hour is the lowest in the Nation. But this enviable condition has not been achieved at the cost of fiscal solvency. Indeed, the latest annual report of the Bonneville Power Administration states that "repayment of $202,176,121 on the invested power capital to June 30, 1956, exceeds the estimated scheduled capital repayment requirements by approximately $77.1 million." The Bonneville system also has repaid to the Treasury $109 million to cover all operation and maintenance costs, and $137 million in interest payments. Profitable operation such as this does not come from selling a product below cost.

In their attempts to discredit Federal dams on the Columbia, critics have claimed that power from such dams at Hungry Horse in Montana, is marketed below cost. Perhaps such assertions are the fruits of ignorance of Federal power system operation. Power from the separate units in the Bonneville system is not marketed on the basis of isolated projects. The system secures much of its fiscal and operating strength from the fact that all dams are interconnected as a unified system, thus enabling the averaging of costs between structures such as Bonneville and Grand Coulee—built during periods of low-construction costs—and subsequent dams built during times of higher prices.

The ability to blend low-cost kilowatts with those of greater cost is one of the best reasons for continuing and expanding the Federal power system. Power consumers are thus assured of the benefits resulting from averaging in the low-cost kilowatts from sites of high productivity, developed when prices were low.

Operation of the Federal power system as an integrated unit has contributed to the assurance that low rates needed for industrial expansion can be maintained. The nationally known engineering firm of Ford, Bacon & Davis, Inc., in a detailed and exhaustive 1955 study of Bonneville power operations said:

"BPA should not increase the overall level of its present rate structure, since it already has a comfortable surplus and the estimated revenues for each of the fiscal years 1956 through 1963, exceed cash-payout requirements as determined by BPA."

Power-rate experts of the Bonneville Power Administration have testified that Hells Canyon Dam can be added to the system without disturbing the prevailing rate of $17.50 a kilowatt-year, the lowest wholesale power rate in the United States.

Mr. President, I have been amazed by the array of nagging but baseless objections raised by opponents to the Hells Canyon project. But, most baffling is the fact that the administration's discriminatory, wasteful, and antiwestern water-resources policies have found adherents among some westerners. The most contradictory of the arguments used by the opponents of Hells Canyon is the double standard they have set up for judging its value. They use one yardstick for projects in their own region, but another table of measure for Hells Canyon Dam.

PROPHETS OF GLOOM ARE REPUDIATED BY HISTORY

The economic progress of our Nation must be seen as a continuing entity. Federal investment has been necessary for such basic fundamentals of economic progress as river channels, ports, and other navigation facilities. Federal support was the instrument which thrust railroads and modern highways into isolated segments of the Nation. Such action is also needed for the best development of the great natural resources of the West at sites such as Hells Canyon. The objections to a high Federal dam are facsimiles of the captious arguments since the founding of this Nation to curb western growth and progress. The Lewis and Clark Expedition was assailed as a squandering of public funds. Setting aside of forest preserves and the activation of the first reclamation projects likewise were objects of the most specious arguments. Fortunately, the petty faultfinders did not prevail. Nor can we permit such frivolous arguments to triumph over Hells Canyon.

Ever since the administration withdrew its objections to licensing of Idaho Power Co. exploitation of Hells Canyon in 1953, confusion has reigned in policy for developing the remaining stretch of the middle Snake River. The river's great power and flood control has become the object of chaotic mismanagement.

We have heard over and over again the argument that Congress should rely on the judgment of the Federal Power Commission in the Hells Canyon issue. Many Senators will remember when the administration withdrew from the Hells Canyon case, we were told that Congress should not take action for a high dam because it was being considered by the FPC. We were told that it was necessary to rely on the experts of the Commission. Yet, Mr. President, when the FPC decision awarded three licenses to the Idaho Power Co., we were told the action was taken because Congress had failed to authorize the construction of a high Federal dam at Hells Canyon.

This has been a colossal runaround.

I wonder, Mr. President, what the congressional action would be if the FPC—instead of awarding Hells Canyon to a private utility—had carried out its responsibility under the Federal Water Power Act and had recommended development by the Federal Government. I think the weight of such a recommendation would have had great influence on the Congress. Instead, the Commission said, in effect: "We don't think Congress will approve a high dam at Hells Canyon, so we won't recommend it, and instead will approve the less adequate projects of the Idaho Power Co."

The FPC's strange decision has set an undesirable precedent. If licenses are henceforth decided by the Commission on reasoning that unsound development is better than delayed full development, and that its recommendations in favor of Federal development depend on political forecasts by Commission members as to what Congress might or might not do, then the American people stand to lose their great undeveloped dam sites one by one. The granting of licenses on such a basis would wipe out any consideration of a project's merits. The FPC would merely serve the function of rubberstamping the license applications of the private utilities as fast as submitted.

POWER COMPANY WILL BE TREATED FAIRLY BY GOVERNMENT

Mr. President, we have also heard the argument that Hells Canyon Dam should not be authorized because of expenditures made by the company on its Brownlee project. I would like to call the attention of the Senate to a section of the committee report on the Hells Canyon bill which states:

"It is the consensus of the committee that in event of the passage of S. 555 all the equities of the case would require that the company be recompensed for its actual expenses in proceeding with work in the canyon under the FPC license."

This additional expense would not increase the net cost of the dam to the taxpayer at all; since it would all be charged to the cost of power from the dam, it would be repaid in full from power revenues, with interest.

This additional charge to the cost of the dam allocated to power could hardly be said to constitute a very serious burden to the electric ratepayers of the Northwest. In discussing this problem on page 9 of its report on S. 555, the Interior Committee stated:

"For instance, a payment of $15 million to the power company would require a charge of less than 10 cents a kilowatt-year, or barely one one-hundredth of a mill per kilowatt-hour, in the present system and could very easily be absorbed in the existing rate structure without any increase in it."

If the cost of buying the company out of the canyon should prove to be as high as $30 million, this would therefore mean an increase of only two one-hundredths of a mill per kilowatt-hour in the cost of power in the area. I can assure you, Mr. President, that the people of the Pacific Northwest would gladly pay far more than this tiny amount to save the nearly half-million kilowatts which will be lost forever if the Idaho Power Co. is permitted to complete its underdevelopment of this tremendous resource.

Much also has been said about so-called alternatives or substitutes for high Hells Canyon Dam. Mr. President, there are no substitutes for Hells Canyon Dam. Under the light of examination and analysis, each supposed alternative means that the American people would get less power, less flood control, less opportunity for power-revenue assistance to irrigation.

Why should the people of this great Nation be asked to accept less than total productivity from their river resources? Fundamentally, that is the question which will be answered one way or another by the action on this bill. Either the multipurpose usefulness of Hells Canyon will be reserved for the benefit of the American people, or this vast stretch of the Snake River will be doomed to piecemeal and fragmentary use. The decision will be irreversible. It is my hope that the Senate will accept the challenge of this decision, and will authorize the construction of a Federal dam at Hells Canyon. That is the fateful action which will best serve this generation and those yet unborn.

Mr. NEUBERGER. Mr. President, before I yield the floor, in the few minutes which are left to me from the time granted to me by the majority leader, I should like to comment very briefly on the announcement in the early hours of this morning by the President of the Idaho Power Co. that they are forsaking the so-called fast tax writeoff certificate which was granted to them earlier by the Office of Defense Mobilization. Mr. President, if ever I have seen deathbed repentence, this is it. What was right, presumably, a few days ago, is repudiated now. What does this do to the wisdom of the agency of the administration that originally granted it?

Let me also ask this question: For how long does this renunciation take place? At a later hour, if perhaps—and I hope it does not take place—the high dam bill should be defeated, will they again change their minds and ask that there be restored the fast tax writeoff? Furthermore, the renunciation does not apply, presumably, to the third dam in their triumvirate of three low dams in

the Hells Canyon stretch of the Snake River.

These questions remain unresolved, and the Idaho Power Co. has not made clear for how long this renunciation will take place. The RECORD should show that at his press conference several days ago the President of the United States confirmed and upheld the fast tax writeoff granted by the Office of Defense Mobilization.

Mr. President, I ask unanimous consent that at the conclusion of my remarks, there may appear an article from the New York Times of June 20, entitled "President Backs Gray in Tax Fight."

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. NEUBERGER. Mr. President, because I have emphasized the extremely important issue of conservation of natural resources in my remarks to the Senate on S. 555, I ask unanimous consent that there may also be printed in the RECORD at the conclusion of my remarks an article from the New York Times of June 18, in which the great Dr. Vannevar Bush, one of the most eminent scientists of our times, is quoted as saying that it is absolutely necessary for us to protect our natural resources, and particularly that one natural resource which is of paramount importance to the continuation and survival of human life—water.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 2.)

Mr. NEUBERGER. Mr. President, I yield the floor.

EXHIBIT 1

PRESIDENT BACKS GRAY IN TAX FIGHT—SAYS AID WAS RIGHT IN NOT REVEALING SEATON OPPOSED IDAHO POWER'S WRITEOFF

(By William M. Blair)

WASHINGTON, June 19.—President Eisenhower confirmed today that a White House decision had cleared for public information the opposition of the Secretary of the Interior to a fast Federal tax writeoff for the Idaho Power Co.

The President defended the action of Gordon Gray, director of the Office of Defense Mobilization, in not having made known to a Senate subcommittee a letter of opposition written by Fred A. Seaton, the secretary until Mr. Gray was allowed to do it.

However, General Eisenhower did not describe the circumstances of the case that Democratic public power advocates have used as an example of the concealment by the administration. They have made this point to bolster their charges that the administration is favoring private-power interests.

The President's statements at his morning news conference came shortly before the Senate began debate on another bill to authorize a Federal dam in Hells Canyon of the Snake River on the Idaho-Oregon border.

Democrats and Republicans clashed on the floor over public or private development of natural resources, an issue the Democrats are expecting to carry into the 1958 congressional elections. A vote on the Federal dam, which the Senate twice has rejected, is expected on Friday.

ATTACKED BY DEMOCRATS

Senate Democrats have hammered at Mr. Gray on the rapid tax amortization he granted on April 17 to Idaho Power for two dams on the Snake River. Senator ESTES KEFAUVER, Democrat, of Tennessee and chairman of the Senate antimonopoly subcommittee, has charged Mr. Gray with seeking to suppress Mr. Seaton's opposition and withholding other vital information under a claim of executive privilege.

Mr. Seaton's opposition was stated in a letter to Mr. Gray's predecessor, Dr. Arthur S. Flemming, who had requested Mr. Seaton's views. The Seaton letter was dated March 11. Mr. Gray succeeded Dr. Flemming on March 14.

Yesterday, at another subcommittee hearing, Senator KEFAUVER charged Mr. Gray with withholding another important document, a memorandum that had been attached to the Seaton letter in Dr. Flemming's files. Mr. Gray declined to produce the memorandum on the ground of executive privilege and contended it was not relevant to the official files.

Mr. Gray also disputed what he said was an inference by the Senator that Dr. Flemming also had opposed the Idaho Power tax concessions. "That is not the case," he asserted. Repeatedly, however, he refused to make the memorandum available to the subcommittee.

PRESIDENT NOT CONSULTED

General Eisenhower said in answer to a question today that he had not been consulted on the differences between Mr. Gray and Mr. Seaton because Mr. Gray was the official "responsible" for a decision in the Idaho Power case and Mr. Seaton was not.

"The actual fact is that there was an associate's opinion, his personal convictions, given to Gordon Gray, and he studied them, but Gordon Gray is the responsible man in executing this law," the President said.

In answer to a question, the President said he had "never heard of the practice of withdrawing from the official files." He added that Federal law provides punishment for destruction of public records.

He reaffirmed, however, the use of executive privilege on communications among officials. "You must have this privileged character of these communications or you soon are going to have no coordination in that executive department," he asserted.

He went on to say that he did not know the exact circumstances of the questioning of Mr. Gray on Capitol Hill, but, he continued:

"I can well understand that he was very embarrassed, because he did not know what he was allowed to do, and it was only after he determined that this particular communication could be exposed that he would be allowed to do it."

Otherwise, he added, so far as Mr. Gray was concerned, the letter from Secretary Seaton was a "privileged opinion given by an associate in the executive department to him."

The President did not explain how the Seaton letter came to be regarded as privileged by Mr. Gray and how the White House came to remove it from the privilege category.

OFFICIAL OPINION

White House sources said that Mr. Seaton's letter had been a formal official expression of the Interior Department's opposition to the Idaho Power tax writeoffs and therefore a part of the official record and not privileged.

Mr. Gray, however, has taken a different view. His position, shared by the general counsel of ODM, Charles H. Kendall, is that there was every indication that the White House and Mr. Seaton regarded the latter's letter as privileged.

This view stems from a press release prepared to announce the tax writeoffs and cleared with Mr. Seaton and the White House. That press release made no mention of Mr. Seaton's opposition but contained a statement that the Interior Department had recommended the tax writeoffs be granted in 1955.

EXHIBIT 2

PIONEERING URGED TO AID RESOURCES—VANNEVAR BUSH TELLS PARLEY SCIENTISTS MUST ACT—CITES WATER SHORTAGE THREAT

(By Donald Sanson)

OKLAHOMA CITY, June 17.—Vannevar Bush called on independent scientific groups tonight to pioneer in finding ways to assure an adequate future supply of natural resources.

The eminent scientist said the shortage of water was becoming particularly dangerous in some areas.

He visualized ideas that he said now seemed farfetched as holding promise for long-range answers. In a measure, he explained, this rules out Government studies toward solutions because "some programs will call for experiments that are sheer gambles" employing unconventional approaches.

"The Government will do more if there are independent organizations with aggressiveness setting the pace and seeking out the opportunities," he asserted, in an address prepared for delivery at a 1-day international symposium on science, industry, and education.

SURFACE ONLY SCRATCHED

Mr. Bush, chairman of Massachusetts Institute of Technology Corp., suggested that "skillful use of 'detergents' could teach science how to make soils absorb the water of a sudden violent rain instead of allowing most of it to run off.

"The magnitude of effort in water research is by no mean commensurate with its importance," he declared. He said science had a long way to go in learning how to restore salty or contaminated water to its essential purity.

The scientist added that the surface has only been scratched in recovering needed elements the ocean holds in vast amounts but in diluted form.

"It is entirely possible that great bodies of sea water could be isolated and made to contain enormous concentrations of special lower organisms supplied with nutrients, with all parasites and competitors excluded," he suggested, "devoting their lives to concentrating from sea water things that we could find very useful."

Some lower organisms have the facility of seizing on minute quantities of a chemical element and concentrating it in their structure.

He said it was in fields such as these, which are not of the most immediate concern, where "Government proceeds haltingly or not at all."

Mr. Bush, president emeritus of the Carnegie Institute, was "scientific chief of staff" of the Nation's Military Establishment in the World War II period. He was a key force in the program that developed the atomic bomb.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1958—CONFERENCE REPORT

During the delivery of Mr. NEUBERGER's speech,

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oregon yield? I wish to ask unanimous consent for the consideration of the conference report on the District of Columbia appropriation bill, with the understanding that the remarks made in that connection will appear in the RECORD following the speech of the Senator from Oregon, and with the further understanding that in yielding for that very

laudable purpose, he will not lose the floor.

Mr. NEUBERGER. I yield.

Mr. MORSE. I am happy to suspend; and thereafter I shall continue my questions.

Mr. PASTORE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the admendments of the Senate to the bill (H. R. 6500) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1958, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. CLARK in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 21, 1957, pp. 10002–10003, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. PASTORE. Mr. President, the conference report provides for appropriations totaling $195,676,480. This sum is $960,370 less than the amount of the appropriations provided in the bill as passed by the Senate; it is $3,146,180 larger than the amount of the appropriations included in the House version of the bill; and it is $13,828,320 less than the total budget estimates.

In order to enable the Members of the Senate and other interested persons to know the appropriation details, I ask unanimous consent to have printed at this point in the RECORD a summary of the 1958 appropriation bill for the District of Columbia.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

Summary of District of Columbia appropriation bill, 1958 (H. R. 6500)

Item	Appropriations, 1957	Budget estimates, 1958	House bill	Senate bill	Conference bill
OPERATING EXPENSES					
Executive Office	$323,000	$387,400	$362,500	$378,200	$370,930
Department of General Administration	3,783,990	4,573,000	4,525,000	4,545,000	4,540,000
Office of Corporation Counsel	483,600	565,200	544,000	544,000	544,000
Compensation and retirement fund expenses	11,100,000				
Regulatory agencies	1,080,240	1,248,600	1,200,000	1,215,000	1,207,500
Department of Occupations and Professions	265,200	294,800	287,000	294,800	294,800
Public schools	32,670,750	37,789,200	37,160,000	37,246,050	37,246,050
Public library	1,783,000	1,958,000	1,950,000	1,950,000	1,950,000
Recreation Department	1,903,000	2,161,000	2,145,000	2,161,000	2,161,000
Metropolitan Police	14,531,100	18,201,000	18,100,000	18,201,000	18,150,000
Additional municipal services, inaugural ceremonies	155,000				
Fire Department	6,755,000	9,036,000	9,000,000	9,000,000	9,000,000
Veterans Service Center	98,500	104,300	104,000	104,000	104,000
Office of Civil Defense	78,000	193,000	86,000	86,000	86,000
Department of Vocational Rehabilitation	147,000	209,600	200,000	208,500	208,500
Courts	4,370,850	4,534,600	4,488,500	4,534,600	4,534,600
Department of Public Health	25,694,920	28,710,700	28,130,000	28,229,300	25,229,300
Department of Corrections	4,710,000	5,328,000	5,275,000	5,275,000	5,275,000
Department of Public Welfare	11,092,500	13,136,000	12,450,000	13,136,000	13,136,000
Department of Buildings and Grounds	1,780,000	2,096,000	2,000,000	2,010,000	2,010,000
Office of the Surveyor	170,000	180,900	180,000	180,000	180,000
Department of Licenses and Inspections	1,658,000	1,902,000	1,840,000	1,885,700	1,862,000
Department of Highways	6,535,000	7,232,000	7,050,000	7,050,000	7,050,000
Department of Vehicles and Traffic	1,303,000	1,457,000	1,350,000	1,438,000	1,438,000
Motor Vehicle Parking Agency	295,000	602,900	519,000	602,900	519,000
Department of Sanitary Engineering	10,896,200	12,310,000	12,210,000	12,210,000	12,210,000
Washington Aqueduct	2,137,000	2,328,000	2,250,000	2,322,000	2,322,000
National Guard	145,500	155,300	155,300	155,300	155,300
National Capital Parks	2,535,000	2,762,000	2,750,000	2,750,000	2,750,000
National Zoological Park	720,000	798,000	770,000	798,000	784,000
Personal services, wage scale employees	943,000	1,162,500		1,162,500	1,162,500
Total, operating expenses	150,143,350	161,417,000	157,081,300	159,672,850	159,480,480
CAPITAL OUTLAY					
District debt service	394,500	572,000	572,000	572,000	572,000
Public building construction	14,479,529	14,377,800	10,496,000	10,733,000	10,733,000
Department of Highways	14,668,000	22,612,000	14,791,000	15,301,000	15,301,000
Department of Sanitary Engineering	15,068,000	9,568,000	9,400,000	9,400,000	9,400,000
Washington Aqueduct	3,500,000	958,000	190,000	958,000	190,000
Total, capital outlay	48,110,029	48,087,800	35,449,000	36,964,000	36,196,000
Grand total	198,253,379	209,504,800	192,530,300	196,636,850	195,676,480

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. MORSE. Mr. President, as a member of the Committee on the District of Columbia, I wish to say that I appreciate very much the leadership the Senator from Rhode Island [Mr. PASTORE] has given in the case of this appropriation bill. Of course he knows that I wish the bill provided larger appropriations. But the responsibility for the insufficient appropriations carried in the bill—in my opinion they are insufficient—is not the responsibility of the Senator from Rhode Island.

I wish to say to the people of the District of Columbia that I know, of my own personal knowledge, that the Senator from Rhode Island fought hard for the highest figure he thought there was any chance of getting the Congress to vote for this year. I thank him for it.

At the same time, I wish to have the RECORD show my keen disappointment in the appropriations provided in the conference report. I cast no reflection upon the Appropriations Committee, but I do cast a reflection upon the entire Congress. I think it is very sad that the Congress subjects a people who have no franchise rights to what I consider to be an appropriation by the Federal Government that is far below what the Federal Government owes to the people of the District of Columbia, by way of a fair Federal contribution.

Again I wish to say that I do not know what the word "quit" means, and I am not going to quit in this fight. We have lost this round again this year; but I am satisfied that our case is sound; and the people of the District of Columbia are entitled to a larger appropriation by way of Federal grants, for reasons which I have stated so many times in the past.

At this time I simply wish to serve notice that, so far as I am concerned, as a member of the Committee on the District of Columbia, I shall continue to fight for a larger Federal contribution for the District of Columbia. The lump-sum payment made by the Federal Government to the District of Columbia should, instead of being 13 or 14 percent of the District of Columbia budget, be 25 percent.

Mr. PASTORE. Mr. President, I thank the Senator from Oregon for his statement. I wish to point out that the conferees on the part of the Senate tried very hard to retain in the conference report the amount voted by the Senate, but it was impossible to do so. The House had just voted to reject the $500,000 increase the Senate previously voted.

I repeat that my sentiments parallel those expressed by the Senator from Oregon.

Mr. FREAR. Mr. President, will the Senator from Rhode Island yield to me?

Mr. PASTORE. I yield.

Mr. FREAR. Does the conference report include the item of $1,710,000 for equipment for the new hospital in the District of Columbia?

Mr. PASTORE. No; that item comes under the independent offices appropriation bill, and I understand that it was included in that bill. It does not come under this bill.

Mr. DIRKSEN. Mr. President, if the Senator from Rhode Island will yield to me, let me say to the Senator from Delaware that the item of $1,710,000 was included in the independent offices appropriation bill, as it was passed by the Senate.

Mr. FREAR. I thank the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I wish to say that the distinguished Senator from Rhode Island has very stoutly and in very distinguished fashion contended for the position taken by the Senate. However, in view of the fact that the House of Representatives has already, by separate vote, rejected the increase voted by the Senate in the lump-sum payment for the District of Columbia, it appears that all that the Senate can do at the moment is to agree to the conference report.

Mr. LAUSCHE. Mr. President, will the Senator from Rhode Island yield to me?

Mr. PASTORE. I yield.

Mr. LAUSCHE. In the discussion which took place several weeks ago, I pointed out to the distinguished Senator from Rhode Island that the moneys voted this year by the Senate for allocation to the District of Columbia are, I believe, less than those of last year. The distinguished Senator from Rhode Island said to me that that disparity in figures does not reflect accurately the fiscal position of the District of Columbia, as created by the new highway program which was adopted. Will the Senator from Rhode Island explain that situation?

Mr. PASTORE. At this time I cannot state the exact figures, but, in round figures, when the ratio was changed from 50–50 to 90–10 in the case of Federal participation in the highway-construction program for the District of Colombia, that enabled the District of Columbia to pick up approximately $7,500,000, insofar as the highway fund is concerned; and that amount is reflected as a difference between the appropriation for 1957 and the appropriation for 1958. However, it does not mean that the various departments of the District of Columbia government will have larger appropriations in 1958 than they had in 1957. As a rule, the appropriations have been a little higher each year.

Mr. LAUSCHE. The Senator from Rhode Island seemed to point out to me that although the cold figures included in the report would seem to show smaller appropriations for the District of Columbia for 1958 than those for 1957, yet when the additional $7 million benefit is considered, it will be found that much more money will be available to the District of Columbia.

Mr. PASTORE. Yes; I would say that. How much more is pretty hard to say, unless the figures submitted are consulted.

Mr. LAUSCHE. I think the figures, as I saw them, indicated about $7 million more. Is that correct?

Mr. PASTORE. Approximately so, but again, without having the papers, I would not want to commit myself to a specific figure. But it is true that the figure is larger.

Mr. LAUSCHE. I recognize that the same advantage which has come to the District of Columbia has also come to every municipality in the country. Is that correct?

Mr. PASTORE. Absolutely. The District of Columbia is not unique in that respect. The advantage that has come to the District of Columbia comes under the highway construction act, and all the States have the same privileges and the same advantages.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 6500, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
June 21, 1957.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 10, 20, and 28 to the bill (H. R. 6500) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1958, and for other purposes," and concur therein;

That the House insist on its disagreement to the amendment of the Senate numbered 1.

Mr. PASTORE. Mr. President, I move that the Senate recede from its amendment No. 1.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

Mr. JOHNSON of Texas. Mr. President, I commend the very able junior Senator from Rhode Island for the excellent job he has done, and for the very excellent manner in which he has discharged his responsibility. This is his first year on the Appropriations Committee. I know all the people in the District of Columbia are grateful to him for the interest he has manifested in their problems. I think his service has not only been a credit to his country, but has been a service that all the members of his party can be proud of.

Mr. PASTORE. I thank the Senator.

CONSTRUCTION OF HELLS CANYON DAM

The Senate resumed the consideration of the bill (S. 555) to authorize the construction of the Hells Canyon Dam on the Snake River, between Idaho and Oregon, and for related purposes.

Mr. MAGNUSON. I yield myself 1 minute of our time.

I merely wish to supplement for 1 minute what the Senator from Oregon has said about the unusual announcement made earlier this morning. The newspaper reporters called me on the telephone about midnight, with relation to the matter, and I said it reminded me of the fellow who was caught outside the chicken house with a bag of chickens, when he said, "I will give them back"; but on the next dark night, when the dog is tied up, he will be back again.

This is a repudiation of strong testimony given by the Idaho Power Co. only 4 or 5 days ago—last week, as a matter of fact—when they refused to adopt any suggestion of doing what they are now doing. The company has changed its mind on many occasions. This has nothing to do with the question of whether a third dam should be built or whether small dams should be built.

I do not know that there has been a meeting of the board of directors, or that the stockholders of the company have met. I remember a statement made by the president of the Idaho Power Co. who said—and I think I quote him almost verbatim—he owed it as a duty to his stockholders to insist upon this right.

This announcement is an obvious attempt on the eve of a vote to influence the votes of Senators on the Hells Canyon Dam bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MAGNUSON. Mr. President, I yield myself 2 additional minutes.

Those of us who have fought for a long time for this resource and its full potential development did not bring this matter up; it was brought up by the Idaho Power Co. people, by virtue of their action in an application for a tax amortization certificate.

I merely wish to say, for the benefit of those who might read the statement, that the announcement does not change the issue one iota. There still is a very simple problem which we have to face. One of the last great remaining dam sites on the whole of the North American Continent, which belongs to the people, is involved. We are trying to develop it to its full potential, to fit it into a comprehensive development of the river.

The construction by the Idaho Power Co. of the 2 or 3 small, measly dams, compared to the great multipurpose high dam on the river violates a concept of 50 years of planning for the development of this river for the benefit of all. If the Idaho Power Co. were going to build a high dam in Hells Canyon, I think we would say, "More power to them," to coin a phrase. If they were going to build a high dam and develop water storage so that the power would go into the pool which encompassed public, municipal, and private power, we would be cheering, but they want literally to take the cream off the river, under certain concessions they have obtained.

That is what this controversy is all about. I do not know that the solution is so simple in the minds of some people, but the problem is simple. It is a problem of whether or not we desire to develop to the full potential a great natural resource, or whether we wish to foreclose forever the development of the greatest dam site left on the whole North American Continent. I shall have a little more to say at the end of the debate, but, because we are trying to save time, I ask unanimous consent that I may have printed in the body of the RECORD at this point some remarks I prepared on this subject.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

PARTISANSHIP VERSUS WESTERN UNITY

(Speech by United States Senator WARREN G. MAGNUSON, of Washington)

Should any Member of the Senate not now know the real merits of a high Federal dam in Hells Canyon—and my advocacy of full development of this God-given resource—there is no use wasting your and my time simply discussing it.

Ten months ago in closing our debate over Hells Canyon, I stood on this floor and promised that if I was returned to the Senate I would remind my colleagues of certain things.

That promise I fulfill today.

And let my very presence here this afternoon, regardless of what I say, remind many of you of a basic fact that transcends much

of the technical detail that is invoked to obscure this simple issue.

That basic fact is that most of the citizens of this country in general—and the Northwest in particular—know about Hells Canyon, have not been fooled by anybody's assertions, and want and continue to demand even after being victims of a 9-year brainwashing, a high dam with full development of the resource potential of this site.

Last year on this floor—by questions or statements—some Senators were under the delusion that the voters did not want a high Hells Canyon Dam. They based this misconception on the trumped opposition of a few elected officials in the area.

Well, I am here and most happy to sit among you today after being returned by the voters—voters who I went before as an out-and-out advocate of a high Federal dam—a high dam such as is provided in the bill again before you for rollcall shortly.

My opponent, a former governor, who was one of the leaders of the opposition, is not among us.

But that is not the end of the story, or an isolated instance.

Through the States of Washington, Oregon, and Idaho, in the legislatures, in the gubernatorial mansions, the House of Representatives, and the Senate contests, wherever there was a pro- or anti-Hells Canyon issue drawn—and that was just about everywhere—the voters rejected the opponents of the high Hells Canyon Dam and elected the advocates.

It was as clear a mandate in the election of candidates as I have ever witnessed—it was a grand slam.

I knew what my people wanted.

I heard and heeded their verdict when they shouted, "Save us from the dinky corporation dams and give us the high Federal dam; don't waste our resource."

But I want to assure Senators they were not talking to me alone; they were also talking to this entire body.

I recommend, my colleagues, you listen when the people speak.

And that is the first thing I remind you of in accordance with my promise when last we debated this matter.

Senators now have the answer to the question some onetime opponents of this bill raised as to what the people really wanted, and it is a clear and final answer.

And so we now are possessed for the first time in this Hells Canyon debate with a clear, fresh answer as to what the people really want.

Something new and very important to us has been added since we last discussed this subject.

Now there is another matter of which I promised a year ago to remind the Senate if I sat among you again.

It is to many of us so significant I will not hesitate—always with the greatest respect—to command your attention by addressing some questions to Senators regarding certain great public works in your States for which you have identified yourselves as champions.

Those are primarily works to develop—through the strength and wisdom of our National Government for the benefit of all the people—the full water and power resources of your communities.

This Hells Canyon project—on which we will shortly vote—is so clearly in that category and has been studied, analyzed and appraised, and endorsed unanimously by our trained and recognized national experts for such tasks, that it has become a national issue.

I leave to my colleagues the realm of technical justification.

Our exhaustive studies have established—all quibbling aside—that the highest Federal dam in the world at Hells Canyon would provide this Nation with virtually double the needed kilowatts at half the price; almost quadruple the flood protection the small dams would yield.

Yet a power company is rushing to preempt this canyon while we talk.

Here we have, in crystaline form, a national water and power policy in jeopardy, a national water and power policy that we and our predecessors have spent three-quarters of a century developing, and implementing and ratifying, largely through acts on this Senate floor.

And as we put it into effect by building such stupendous works as Boulder Dam, Grand Coulee in my State of Washington, Shasta in California, and many others elsewhere, all foursquare in philosophy with Hells Canyon—as provided in the authorization before us now—the United States and this Senate both had great pleasure and pride in the results.

Many of us here in the Senate contributed to, and participated in, developing and writing into law that national water and power policy.

Fundamental was the concept that the Nation's rivers belonged to all the people, and should be fully developed for the benefits for all the people, and, when necessary and feasible, this could be done by all the people through the Federal Government.

Clearly indicated and included was this belief, these rivers should not be given away, in whole or in part, to special interests.

Naturally, public bodies were more nearly representative of all the people than private corporations, so public body preference was given in distributing power benefits.

Some private power corporations did not like that then.

They do not like it now.

But it is the national policy.

I think it fair to say this policy developed in a nonpartisan fashion with the West taking leadership because of its outstanding water and power needs and its lack of alternatives.

The West first banded together in unity, regardless of political persuasion, to achieve the framework of policy and law in this field.

Later, as possibilities and needs became apparent elsewhere, particularly in matters of hydroelectric development, the Senators from TVA, the Niagara-St. Lawrence areas, and elsewhere joined up in common cause to establish true national policy through true nonpartisan unity.

I remind the Senate of this because I want to ask you what's happened to that nonpartisan unity now?

I also want to ask my colleagues how they individually expect to reap the benefits of that unity—in terms of benefits through projects for their individual States—if we shatter the unity, abandon the policy, and defy the very underlying laws we have passed to achieve those ends?

Now this Hells Canyon controversy has been falsely termed—for transparent reasons—just another public versus private power fight. Or, more extravagantly, a fight for survival of private power.

It is nothing of the kind, and that is not the issue.

I think we must, should, and always will have private power.

The power corporations will have all they can do meeting the legitimate and skyrocketing demands made on them for low-cost kilowatts—kilowatts our people must have.

The issue here is not, and never was, public versus private power.

We must have both.

The issue is reversing national policy to give away to a corporation—for perpetual preemption as long as water runs down hill—the best remaining dam site on our continent for developing about half the power potential at double the kilowatt-hour rate and virtually ignoring many other public benefits available. This issue can be resolved rightly if and when we stand up to our national, legal, and public responsibility and pass this bill.

This controversy has also been termed, for equally transparent reasons, a partisan political fight.

I regret that on such realistic evidence as some rollcalls—which, with a few exceptions reflected chiefly straight partisan divisions, with Democrats favoring, and Republicans opposing a high Federal Hells Canyon Dam authorization. It seems true that partisanship, invoked and policed by the administration lash, has been substituted for bipartisan unity—a unity which could achieve such a spectacular development for all the people, as a high Federal Hells Canyon Dam.

And I'll also make good on my promise this reminder day to remind Senators just how that happened.

It occurred, because in 1952 an administration came into power that proclaimed disbelief and disenchantment with a lot of established national policy and Federal laws which it had taken an oath of office to support and fairly and faithfully administer.

Whether it was beholden or not, to certain corporate powers that long opposed these policies and laws, I will not speculate.

And the merits of the administration's disbelief and disenchantment are not here appraised.

The fact remains that the administration and its spokesmen—including President Eisenhower—publicly branded our Federal power development as "an example of creeping socialism."

A broad offensive was undertaken through all the executive agencies—operating in lockstep and reciting in chorus—to revise and reverse the national water and power policies the legislative branch—chiefly through the Senate—had developed through nonpartisan unity over three quarters of a century and written into law we thought was lasting.

It was no simple task the administration undertook, no matter how dedicated and devoted it was to such nullification.

In some areas some progress was reported, but on Hells Canyon the going was so rough that instead of the high dam concept quietly dying a dramatic and recognized national political issue was created.

It is of such partisan tactics that political issues are inevitably and inescapably born.

There is no other way under our system of government.

Without embroidering the oblique tactics of how a stacked Federal Power Commission reversed all previous recommendations of legislative, executive, and judicial branches—as well as its precedessor Commission's findings—not to mention its own existent hearings officer, who sat for over a year considering the merits, the quiet give-away route did not work at Hells Canyon.

Therefore, we are about to stand up and be counted again on the proposition of authorizing a high dam.

That authorization I recommend to my colleagues.

But I am no novice here and under no delusion as to the weight of my study and recommendation on Hells Canyon as compared with the fury of the administration lash being laid on many of my colleagues to vote this authorization down or else.

So, as a realist, I will always with due respect and within all Senate proprieties and practices of courtesy, do a bit more promised reminding, and call the roll on some one-time practitioners of nonpartisan unity toward water and power national policy, colleagues who may want to recall certain facts before they cast their votes.

Let me remind my colleagues from California that there is in their fair State an all-California water and power and flood

control project known as the Central Valley project.

I have seen it personally. I believe it to be a splendid project in the public interest, a project of even greater total scope than Hells Canyon.

After long controversy over the same frequently reconfirmed, reratified, and reindorsed national water and power policies that Hells Canyon opponents here propose to obliterate, the Central Valley project is well along toward completion.

I have observed over the years my distinguished California colleagues have done great service in securing and protecting the Central Valley project.

This protection always came under our reclamation—public power law—and policy verbatim with the high Hells Canyon Dam bill before us now.

For their performance I want to now pay them public tribute for the courageous manner in which they voted down every proposal to give away the power facilities of their Central Valley's resource.

I thought they were so everlastingly right in so doing that I believe they will acknowledge that I, a member of an opposite political faith but as one practitioner of the now somewhat forgotten western unity, voted with them on every Central Valley rollcall I can remember for the last decade.

I pay public tribute to the senior and junior Senators from California for their great performance, but remind them that they have not achieved final victory yet.

Just the other day when the administration sent up to us still another proposal to give away Central Valley power, this time on the new Trinity division and under the same type of sloganized and ill-defined partnership scheme by which it has sought to give away Hells Canyon—the junior Senator from California, I am sure with the support of the senior Senator from California, rose to blast and denounce it and proclaim it would never pass with his vote.

I now take pleasure in publicly pledging them here and now that separate and distinct from—and regardless of how they vote on Hells Canyon—I am going to vote, I hope with them as soon as I get the chance, against the Central Valley power giveaway proposal. I'm voting that way as a matter of public interest and principle.

But at the same time I say to them now that any vote for the Hells Canyon giveaway is inevitably a vote to establish a new national precedent favoring the pending Central Valley giveaway, and there is no escape from that fact.

Let me remind my colleagues that we must vote legislation up or down for all the people. We should not vote as apostles of any thesis that what's rotten for California is just fine for the Pacific Northwest where Hells Canyon happens to be located.

Likewise, I would remind good Republican friends of the upper Colorado States that there is a huge project in that area called the upper Colorado storage project, to which you claim undying devotion.

It is not yet built—in fact, it has just started into construction—and years of appropriations will be required before the benefits therefrom are actually reaped by your constituents.

The last Democratic Congress scorned any deals linking the upper Colorado and Hells Canyon bills and authorized the upper Colorado, regardless of opposition to Hells Canyon from some Senators from that area.

Speaking for myself alone, I know I voted for upper Colorado as a matter of principle and as a continuing practitioner of nonpartisan western unity in water and power development. I firmly believe it is a good project, in the public interest for all the people, even if it obviously falls far short of Hells Canyon in financial feasibility and repayment criteria.

This is not a failure of principle, but merely the result of natural phenomena that the Colorado River does not possess the magic power potential of those rivers in the Columbia Basin.

We must acknowledge—and I herewith remind Senators of it—that no matter how we seek to bewilder each other by technical hairsplitting, both the upper Colorado storage project and Hells Canyon authorizations are—and were presented and supported—under the same broad policy. That policy demands the full development of the resource for all the people by the Federal Government where necessary.

In fact, both projects came before the Senate under the philosophy and terms and many times the verbatim provisions of the reclamation laws.

Let me remind Senators that in this league there is such a thing as consistency, and none of us can perpetually and simultaneously run with the hare and bay with the hounds without coming a cropper.

The upper Colorado is not built, or even appropriated for yet, and if we westerners who know these problems can bring it to near completion in 20 years, we are, indeed, lucky.

Just ask yourselves, gentlemen, if you vote against Hells Canyon—and thereby succeed in rejecting, reversing, and repealing a policy and precedent—that happens to be the identical policy and precedent under which we all forgot partianship last year and undertook the upper Colorado—are you serving yourselves and your constituents?

Are Senators speeding or delaying the day when their great States can actually reap some of the promised—and to me, very real—benefits of the upper Colorado project?

And to my able friend, the senior Senator from Colorado, let me issue a special invitation and a special reminder. He is not only an upper Colorado Senator but also the home-State Republican sponsor of the Frying Pan-Arkansas project still to be authorized by the Congress under the same justification, theory, philosophy, policy, and actual laws supporting the high Federal Hells Canyon Dam.

In fact, the twin proposals come before us virtually simultaneously by the same route, with the same endorsement of the Senate Committee on Interior and Insular Affairs which functions as our working expert in this field.

No matter what political pressure the Senator may be subjected to, how in the name of all that is logical and rational can he ask us tomorrow, or the next day, to vote for and forward Fryingpan-Arkansas when, and if, he kicks out the very essence of its justification by voting against Hells Canyon?

If Senators think that is a cruel question, let me withdraw it now—I didn't expect an answer. I was merely modestly trying to dramatize for the Senate that, despite our senatorial dexterity, there is a limit beyond which we should not be allowed to venture.

And further on this problem let me pledge to the Senate here and now my vote for Fryingpan-Arkansas as a matter of principle, because I think it a project in the public interest and as a token of my continuing convictions as to the necessity of nonpartisan western unity on such matters.

Last year this Democratic majority passed Fryingpan-Arkansas through the Senate, my vote included.

I hope and believe it will do so again with the essential votes of the Hells Canyon sponsors helping Colorado.

Respected colleagues, I am getting to be a veteran around here. I am not now speaking to fill the air with unanswerable conundrums, to fill up the CONGESSIONAL RECORD, or to justify myself to any constituents back home on Hells Canyon.

They've all known for years just where I stood in favor of Hells Canyon high dam and many other natural resource developments and that's one reason they've sent me back to enjoy—as I do enjoy—the society of the Senate for 6 more years.

This afternoon I am talking in honest terms. Terms I'm certain all will understand and I hope appreciate in a frank endeavor to secure some votes for the high Hells Canyon Dam in what must shortly be a close rollcall.

I could go on and on with this recap of vital western projects—projects which exemplify the western bipartisan unity which resulted in their authorization and construction.

My South Dakota colleagues know, for example, of the difficulties they faced in battling for and winning public power dams in the Missouri Basin—say at Fort Randall, Oahi, Gavins Point, and Angastoria—even though today they appear allergic to the best of them all at Hells Canyon.

Other Midwestern colleagues swear allegiance to the Federal reclamation dams along the North Platte, which is certainly consistent representation of the only State which long since exercised its sovereign rights and banned private-power companies. Nevertheless, these same esteemed colleagues seem to think Hells Canyon should be given away to a Maine corporation for gross underdevelopment—in the name of private profit—just because it's in the Pacific Northwest.

I might even courteously soliloquize about the schizophrenic views of a very few of my colleagues from the TVA South and the St. Lawrence-Niagara area on power policy—their views at home in contrast to their views on Hells Canyon.

But I will not exhaust the Senate. We are adults; we know the score.

The truth is the partisan lash is being laid on many today to whip them cruelly into line to defeat Hells Canyon or else.

Senator's own convictions—this Senate's privilege and right to decide such matters—national policy, and the laws we've enacted—all must be ignored or else.

It makes no difference how the voters vote, when they get their hands on this issue in the only way they can, namely, by defeating candidates opposed to Hells Canyon and electing Hells Canyon advocates many Senators are told to vote it down or else.

This is no secret.

The word has been passed—vote it down or else.

This has even been done formally by communications of record from the Bureau of the Budget—by the rulings of the stacked Federal Power Commission—and by the statements of such an unhappy administrative scapegoat and spokesman of the administration as genial Douglas McKay, Secretary of the Interior, retired.

Let me point out—even if it extends and contradicts my previous little rollcall—this Hells Canyon bill has three good Republican sponsors. Witness the names of the distinguished Republican senior Senator from Wisconsin [Mr. WILEY]—and both the senior and junior Senators from North Dakota [Mr. YOUNG and Mr. LANGER].

They are voting their true convictions on Hells Canyon; are refusing to be told "vote against it or else."

This may be the last time around on Hells Canyon, so I also remind Senators, it may be your last chance to speak up.

And, good friends and colleagues, don't try to answer my simple questions now. I'll have my answers when Senators stand up to be counted on the Hells Canyon rollcall.

Mr. MAGNUSON. Mr. President, I wish to add one more thought, although it has been expressed many times. The Idaho Power Co. originally said that they would build these dams without cost to the taxpayers, and then it turned out, of course, that they are going

to cost the taxpayers a great deal. However, let us assume that is not the case. I hope there is no misconception about it, for I never feel embarrassed about asking the United States Senate to appropriate money for the development of known, feasible, engineer-tested hydroelectric developments, because all we ask is a loan, which is paid back with interest.

I have often been asked, "How is it paid back? When is it paid back?"

We started this about 20 years ago——

The PRESIDING OFFICER. The Senator has used 6 minutes of his time.

Mr. MAGNUSON. I yield myself 5 additional minutes.

The Senator from Montana [Mr. MURRAY] was here in the Senate when this program started. In the area there is a power capital investment of $1,288 million. Hells Canyon Dam would make the investment much greater, and it would also firm up the power downstream.

We have repaid, as of June of this year, $200,176,000 on the capital investment. We paid into the Treasury interest expense of $137,702,000 as of June 1.

Bonneville Dam, the first dam on the system, has now paid back to the Federal Treasury 41.22 percent, with interest. Bonneville Power Administration has paid back 25 percent. The Columbia Basin has paid 25 percent, and even Hungry Horse has already paid back nearly 6 percent, with interest, to the Treasury.

Hells Canyon Dam will do the same, and at the same time will add to the taxable wealth of the Nation and assure the development of a great river system.

The problem is as simple as that. If there are constructed 2 or 3 measly dams—it may be 2, for I do not know whether Idaho Power is going to build the third dam—it will be an inadequate development of this great resource we have, which we must develop, rather than throw away the substance of our people. Surely we are the guardians of our natural resources and we should provide for their development for our children and our children's children.

I hope that the Senate will treat this bill in that light.

Tax amortization added another feature to the problem, but I predicted last year that the company would ask for this benefit and would get it, if Congress did not pass the bill which was under consideration at that time, and that prediction came true. I will predict now that the minute this fight is over and the dust has settled, the company will be back again seeking the same benefit. I think I am safe in that prediction.

I shall have a little more to say at the the end of the discussion.

Mr. JOHNSON of Texas. Mr. President——

The PRESIDING OFFICER. The Senator from Washington has used 8 minutes of the 30 minutes allotted to the majority under the unanimous-consent agreement.

Mr. JOHNSON of Texas. Mr. President, I wish to reserve the remaining time of the majority, but if the Senator from Tennessee [Mr. KEFAUVER] is ready to speak, I will yield him 3 minutes.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 3 minutes. The Senate is operating under a unanimous-consent agreement, the Chair advises the Senator, and there are only 19 minutes left of the time allotted to the majority.

Mr. KEFAUVER. Mr. President, the Idaho Power Co. and the administration have now gone full cycle. We read from the newspapers that Mr. T. E. Roach, the president of the Idaho Power Co., has decided that he does not wish to have the $339 million in tax benefits from the Government after all. Whether this is the end of the dance, or whether the band will strike up "Waltz Me Around Again, Willie" is not determinable at this time. Mr. Roach has been coy about these tax certificates before. At first, when he was trying to get his license from the Federal Power Commission, he was going to build the dams "without one cent of cost to the taxpayers," and then, when he got the license, he decided to push the application for the certificates, because he owed it to his stockholders. Originally he said he had no faith that he would get these certificates, but nevertheless he hired Ebasco to pursue them and bent every effort to get them.

Now, with the Hells Canyon bill on the floor, lo and behold, Mr. Roach, overcome by a burst of generosity for the taxpayers of the United States, has decided to forego the $339 million worth of benefits to his stockholders.

Or has he? There is nothing official about this. All we know is what we read in the newspapers. Mr. Roach issued a press release. The chief counsel for the Antimonopoly Committee, Mr. Rand Dixon, called the chief counsel of ODM this morning when he read about Mr. Roach's decision, and asked if the certificates had been canceled. The answer was "No." As a matter of fact, under the law I do not know how they can be canceled. The option is with the holder, and the holders' day of decision is not until January 1, 1959, when he makes out his tax return.

I received a message from Mr. Kendall a little while ago in which he stated that this transaction was treated as a withdrawal of the application for certificates. But I cannot find any legal justification under the statute for ODM taking such action. Regardless of the action of ODM, we do not know what the Internal Revenue Service will do about this case when 1959 rolls around.

It is nice to know that Mr. Roach wrote Mr. Gray about this. But all Mr. Gray has, as I understand, is a copy of the certicate. The official certificate is in the hands of the Internal Revenue Department, the people who collect the tax. Mr. Roach wrote the wrong pen pal. Russell C. Harrington, the Commissioner of Internal Revenue, has the certificate.

Furthermore, Mr. Roach's withdrawal is not effective without approval of the stockholders or the board of directors. This is, undoubtedly, a valuable right that cannot be given away by an officer of the company, and a minority stockholder might file a suit to enjoin it.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. JOHNSON of Texas. I yield an additional minute to the Senator from Tennessee.

Mr. KEFAUVER. It should be pointed out that Mr. Roach, in speaking of this rate amortization matter, said he felt it was an obligation inherent in the fulfillment of the obligation of the officers of the company.

Certainly no officer of the company, even if he were acting in good faith, and not merely for the purpose of trying to obtain votes for the passage of the bill, has a right to give away something of great value—almost as valuable as the property of the Idaho Power Co. at the present time—without the consent of the stockholders or, at the very least, the consent of the board of directors.

After this controversy is over, in the event the bill is not passed, we may find that a minority stockholder or the board of directors will overrule Mr. Roach's action, or contend that Mr. Roach had no authority. The regulatory commission of the State of Idaho may say that he cannot give away benefits of the Idaho Power Co., and we shall be back exactly where we started.

The vote on Hells Canyon Dam will be taken today. Mr. Roach might say today that he has decided he does not want the certificates. But he can change his mind tomorrow. He can change his mind anytime between now and January 1, 1959. He might decide again that he owes it to his stockholders to change his mind.

I think Mr. Roach is trying today to induce the Senate, with an unsecured promissory note for $83½ million of the taxpayers' own money, to vote against the Hells Canyon bill.

Mr. President, I warn the Senate not to take this press release of Mr. Roach's at face value. I warn Senators that this deal smells as bad as Dixon-Yates. Like Dixon-Yates, the more you nudge it, the more vermin crawl out.

Something mighty funny happened between June 13, when Mr. Roach appeared before our committee, and last night, when he put out a press release tossing away $339 million in benefits.

Before our committee this exchange took place:

Senator O'MAHONEY. Why do you not pay them back now, pay them now? Why do you not surrender this certificate and pay the taxes now, and thereby help the Government to pay the interest upon the Federal debt?

Mr. ROACH. I will tell you exactly why, Senator, if you will give me the opportunity.

Senator O'MAHONEY. Of course.

Mr. ROACH. We are a publicly regulated, taxpaying utility. We are not free agents, as corporate officers or as administrators of a publicly regulated agency, to wave aside any of the provisions of the Federal income-tax law.

The only result, the utilization of which would be a slight reduction or maybe more than a slight reduction in the overall cost of the money, every benefit of which accrues, not to the benefit of the company, but to the customers we serve.

And our Idaho Public Utilities Commission has stated not once but many times that we have an obligation, as a regulated utility,

to take full advantage, and I do not agree for one second that the use of the amortization certificate is in any way a subsidy, nor do I agree that Idaho Power should be singled out from among 22,000 or 30,000 taxpayers of the State for persecution simply because, in pursuit of its normal course of business, it filed its application, and that application was favorably acted upon by the ODM for no reason other than we met every established criteria in exactly the same fashion as the people in your State of Wyoming who receive certificates of permit.

Then at page 1271:

MR. ROACH. I very positively stated that if the certification were available to us, we certainly would take advantage of it, Senator.

Now the signals have been changed, for the purpose of this vote today, I dare say. Mr. Roach has shifted gears and gone into reverse. Tomorrow he may begin the forward movement again.

This whole deal, like the Dixon-Yates deal, is surrounded in secrecy. There have been pleas of privilege all around the lot. We are not through trying to find out what really happened. Today I sent this telegram to Mr. Roach:

MR. T. E. ROACH,
President, Idaho Power Co.,
Boise, Idaho.

Note by this morning's paper you have decided to forgo rapid tax writeoff. The Subcommittee on Antitrust and Monopoly Legislation is in process of preparing further hearings on this subject for next week. In view of your strong testimony before our subcommittee last week that you were entitled to the writeoff and in view of your testimony that you owed it to your stockholders to make the effort to obtain the writeoff, please wire immediately the names of offices of the executive branch of the Government with whom you, Mr. Parry, Mr. Kimball or any others of your company or any representative of Ebasco or anyone in your behalf have had contact, conferences or consultation regarding this step. Please wire immediately giving time and details of such contacts, conferences, or consultations.

ESTES KEFAUVER,
Chairman, Subcommittee on Antitrust and Monopoly Legislation, Committee on the Judiciary.

I do not think we will get the full facts by this method.

I think that eventually there is only one way we will get them. That will be when President Eisenhower orders all agencies, as he did in the Dixon-Yates deal, to get up a chronology, stating just exactly all the conferences held, all the moves they made. And this time I hope he will tell them in the beginning not to leave things out of the chronology, as they did of the name of Adolph Wenzell, in the Dixon-Yates deal.

Mr. President, I have prepared a statement showing the facts developed in our investigation to date, and I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KEFAUVER

The relative merits of the multipurpose, high Hells Canyon Dam, as opposed to the 2 or, maybe someday, 3 low dams that have been licensed to be built by the Idaho Power Co. for that reach of the Snake River, have been discussed previously on this floor.

On the merits alone, it seems to me that there is no question but that the high dam should be built. This great area should not be despoiled by the plans of the Idaho Power Co.

However, the opposition to the comprehensive full development of the river has been so arbitrary, some of the concerted actions of Government officials and company officials have been so close to rare coincidence, that it has long seemed to me there must be a fairy godfather somewhere in the picture looking after the interests of the Idaho Power Co.

A review of the facts seems pertinent here.

On June 24, 1947, the Idaho Power Co. filed its application with the Federal Power Commission for a preliminary permit to investigate the Oxbow site.

At the direction of President Truman, the Department of the Interior and the Army Corps of Engineers instituted a study of development of the river and on October 1, 1948, a comprehensive plan was published. Among other things, it included as a key project the construction of the high Hells Canyon Dam. On June 21, 1949, the FPC endorsed this coordinated plan. On December 15, 1950, 2 weeks before the expiration date of its preliminary permit, the Idaho Power Co. applied to the Federal Power Commission for a license to construct the Oxbow Dam. To this application the Interior and the Agriculture Departments, as well as other interested groups, filed protests.

On November 10, 1952, the Idaho Power Co. amended its Oxbow application to include a new proposal to construct three dams, Oxbow, Brownlee, and Little Hells Canyon. When the new administration was installed in office in February 1953, Secretary of Agriculture Ezra Taft Benson, withdrew that Department's intervention against Idaho Power Co.'s Oxbow application which had been filed under Secretary Brannan in late December 1952.

On May 5, 1953, coincidental to the withdrawal of Secretary Benson's intervention, then Interior Secretary Douglas McKay withdrew former Secretary Chapman's intervention against the Oxbow application.

The greasing of the tracks for Idaho Power had begun.

On May 15, 1953, Idaho Power Co. filed for licenses to build Brownlee and Little Hells Canyon Dams. With this application the Federal Power Commission then consolidated the three dam applications into one proceeding and scheduled hearings before Federal Power Commission which began on July 7, 1953.

And thereupon began the company's big deception—which I think we could justifiably call a big fraud—the propaganda that this is a way to get something for nothing, a propaganda which they are resorting to today. Thereupon they began telling us that the dams they were going to build weren't going to cost the taxpayers 1 cent.

In its opening statement before the Federal Power Commission, Idaho Power Co.'s attorney stated: "The applicant is here before you asking the privilege of constructing solely out of its own money and without a cent of cost to the taxpayers of the United States a great multipurpose project."

This statement by the Idaho Power Co. was reiterated time after time during the proceedings, and before Congressional committees as well as the court. For instance, in the company's opening brief to the Federal Power Commission on November 5, 1954, it was stated: "It is difficult to conceive of a development which will more completely fulfill the definition of a comprehensive plan for the development of a waterway. When accompanied by the fact that this is accomplished by a tax-paying utility without investment of public funds then the correctness of the statement is even more apparent."

Also, at page 138 of the transcript it is stated: "It (applicant's project) will be privately financed and will contribute large amounts of tax benefits both to State and local tax units and to the Federal Government."

Also in this same brief, in a footnote on page 48 it is stated: "Applicants financing studies have assumed entirely conventional financing and taxation under laws as existing in 1953, and to give no consideration to possible accelerated tax amortization, or increased rates of depreciation for tax purposes. To the extent available to applicant these would increase cash generation and to such extent reducing the amount of securities required to be issued."

Subsequently in the same vein, Idaho Power Co. attorney, Mr. R. P. Parry, told the Senate Interior and Insular Affairs Committee during hearings on the Hells Canyon bill, S. 1333: "We have here a private company providing great flood control, navigation, and recreational benefits to the Nation, free of cost to the Nation, and without request on the part of the company for contributions from the Federal Government." (Hearing, p. 571.)

Likewise, during the course of the hearings the Idaho Power Co. president, in answer to a question as to why the company had not made any provision in the projected exhibit for any accelerated amortization items relating to Oxbow and Brownlee stated as follows:

"I think I have explained it in its entirety as far as I know. Our filing of the application I felt was an obligation and inherent in our fulfillment of our responsibility as officers of the company, because the Internal Revenue Act, section 124 (a), specifically provides for it, and had we not at least made the effort, even though we had faint hope of any success, we would have been derelict in our responsibility to our customers. (FPC hearings, pp. 8733–8734.)

The representations by Idaho Power Co. that licenses should be issued for the construction of the three dams because the construction would be realized without cost to the Government in that the cost of such construction would be assumed by conventional financing without any real hope of obtaining tax amortization certificates was most effective upon the Federal Power Commission as indicated by its opinion of July 27, 1955, granting the licenses for all three projects. In this opinion No. 283 which accompanied the decision there is included the following: "However under existing law, these public purposes will be realized without expense to the United States to the extent that the projects are constructed by a non-Federal entity. Development by applicant for the Hells Canyon reach of the Snake River would provide 1 million acre-feet of flood control storage and the required stream flow regulation in aid of navigation on the lower river at no cost to the United States."

Mr. President, coincidentally with these representations before the Federal Power Commission and a committee of the Senate, the Idaho Power Co. was engaged in a large nationwide advertising program as a sponsor of advertisements appearing in nationally circulated magazines, such as the Saturday Evening Post and others, also stressing the representation that the Idaho Power Co. would build its dams in Hells Canyon at no cost to the taxpayers.

During proceedings which are presently being conducted by the Antitrust and Monopoly Subcommittee of the Committee on the Judiciary looking into the issuance of tax amortization certificates it has been revealed that at the same time the Idaho Power Co. was representing to the Federal Power Commission and to the Members of Congress that it intended to build its dams at no cost to the Government and that it intended to finance the dams with conventional financing, it nevertheless was vigorously pressuring applications for rapid writeoff certificates on

the Oxbow and Brownlee projects before the Office of Defense Mobilization.

I believe that an excellent case has been made out for the reopening of the proceedings by the Federal Power Commission. I believe that body was misled into issuing licenses to the Idaho Power Co. by the fraudulent misrepresentations which were made to it during the proceedings. When these misrepresentations were called to the attention of the chairman of the Federal Power Commission during recent hearings before our subcommittee, the chairman commented that it certainly was a mistake to say that this was to be built at no cost to the Government in view of the granting of the tax certificates to the Idaho Power Co.

The decision rendered by the Federal Power Commission granting the licenses to the Idaho Power Co. in July 1955 was appealed to the Circuit Court of Appeals for the District of Columbia which court subsequently upheld the decision of the Federal Power Commission and the decision of this court was made final on April 1, 1957, by decision of the Supreme Court.

Quite obviously during this pending litigation it was never final until the Supreme Court's decision that the action of the Federal Power Commission would be upheld.

During this period of time while the case was pending the series of coincidental occurrences took place which materially affected the ultimate tax certificates that were issued by the Office of Defense Mobilization to the Idaho Power Co. In December 1953 the Office of Defense Mobilization suspended goal No. 55 which established the Defense Mobilization goal for the generation of electric power. Under this goal tax certificates could be issued for electric generating facilities meeting certain prescribed criteria within the limit of 117 million kilowatts and if such facilities could be completed by December 1956. The suspension of this goal remained in effect until April 15, 1955, when the goals were reopened by the Office of Defense Mobilization and reset at 150 million kilowatts to be completed by December 31, 1958.

At a hearing held June 18 by the Antitrust and Monopoly Subcommittee exhibits were received which conclusively show that during the period of time when goal 55 was suspended and prior to April 15, 1955, when the goal was expanded, the Interior Department vigorously protested the reopening and expansion of the goal as proposed by the Office of Defense Mobilization. As of this date the Antitrust and Monopoly Subcommittee has been unable to determine the exact reasons or basis for the expansion of goal 55 other than the explanation that it was decided to expand this goal in order to take care of full mobilization. This appears to be more than coincidence because it must be remembered originally goal 55 for this industry was created in order to meet the Korean emergency situation. It is also to be remembered that this situation had come to a head in 1953 and at about the very time the goal was reopened and expanded, President Eisenhower was in Europe at the Summit giving the American people the definite impression that "we had entered a new and peaceful era."

Nevertheless the Office of Defense Mobilization saw fit to expand goal 55 based on full mobilization. Quite obviously with this expansion the Idaho Power Commission tax amortization application was kept alive as well as keeping alive the opportunity to grant some 96 other applications.

On April 17 the Office of Defense Mobilization issued tax amortization certificates to the Idaho Power Co. for the Oxbow and Brownlee Dams in the amount of an estimated total cost of $103,081,970. Brownlee was certified for 65 percent of its cost estimate by the company at $67,138,240, and Oxbow was certified for 60 percent of its cost estimate at $35,943,730.

The Chairman of the Federal Power Commission was accompanied during his appearance by the chief accountant of the Federal Power Commission, who volunteered the information that they had computed the benefits of the two certificates to the Idaho Power Co. in the amount of $339 million to the company. He likewise stated that as a result of the loss of revenue it would cost the Government $83.5 million.

Mr. President, I ask you to take note of this statement by the chief accountant of the Federal Power Commission in the light of representations that have repeatedly been made by the Idaho Power Co. that it would build its dams without any cost to the Government. Perhaps $83.5 million is too small a sum of money for the Idaho Power Co. to characterize as any sizable cost to the Government. Certainly it is too large a sum for the president of the company to be able to give away today without stockholders approval.

Perhaps coincidentally but nevertheless of vital importance was the statement given by Mr. Gordon Gray to the Antitrust and Monopoly Subcommittee in explanation of his action in granting the certificates to the Idaho Power Co. Mr. Gray very carefully among other things pointed out to the subcommittee that the Department of Interior which was the delegate agency for this purpose, by a memorandum of October 25, 1955, had recommended the issuance of necessity certificates for both of the projects to Idaho Power Co.

Mr. Gray quoted quite extensively from this memorandum and pointed to the fact that the application for these two projects met the criteria upon which applications were measured.

During Mr. Gray's appearance members of the staff of the Antitrust and Monopoly Subcommittee were allowed to examine pertinent files of the Department of the Interior. As a result of this examination a letter dated March 11, 1957, addressed by Dr. Flemming, former director of the Office of Defense Mobilization, to the present Secretary of Interior Seaton, was made available to the staff by the Department of Interior.

Within 15 minutes of the time this letter was made available to the staff, Mr. Gray saw fit to make available the original copy of the letter upon his reappearance before the subcommittee.

In this letter of March 11, 1957, Secretary Seaton, as had been requested, reviewed the application of the Idaho Power Co. for rapid tax amortization for the Oxbow and Brownlee developments. He concluded definitely therefrom that in view of the record before the Federal Power Commission it was clear the company had never established any basis of need for financial assistance for the issuance of tax amortization certificates nor had the Idaho Power Co. established that the two projects would create any excess capacity in the company's system which would be a critical factor in the granting of the tax amortization certificates. He accordingly recommended the denial of tax certificates as requested by the Idaho Power Co.

When examined concerning this letter Mr. Gray's explanation in effect was that in his opinion the recommendations of Secretary Seaton, who was the head of the delegate agency or the expert in advising on these matters, was not relevant to the criteria by which such applications were to be measured.

It was stated by the General Counsel of the Office of Defense Mobilization that he nor no one under his supervision ever rendered a legal opinion on the issuance of any certificates in the electric generating field and particularly in the case of Idaho Power Co.

Mr. President, a great deal of mystery seems to surround the issuance of the tax amortization certificates to the Idaho Power Co. On February 6, 1956, Senators MORSE, MAGNUSON, JACKSON, NEUBERGER, MURRAY, and MANSFIELD joined by Representatives PFOST, METCALF, GREEN, and MAGNUSON, addressed a letter to Director Flemming of the Office of Defense Mobilization outlining in detail opposition to granting certificates to Idaho Power Co., and specifically requesting that the Office of Defense Mobilization hold full and public hearings on the applications.

When asked why these members were not accorded the courtesy of an answer to their request or as to why such hearings were not held Mr. Gray professed to have no knowledge of the correspondence. This same atmosphere seemed to prevail throughout Mr. Gray's appearance. When he was examined concerning a pertinent notation which was found on a staff paper concerning expansion of goal 55 containing the names of Sherman Adams, Governor Pyle, General Persons, Gerald Morgan, and Elmer Bennett, Mr. Gray explained that these names had been written by one of his assistants, Mr. Wycoff, for the purpose of checking a proposed press release announcing the granting of the certificates to the Idaho Power Co.

Mr. Gray repeatedly retreated behind the screen of executive privilege when interrogated concerning details of his conversations with these persons, as well as others in the executive branch.

Mr. President, it is a sorry situation indeed when the people of the United States are denied a complete look at the circumstances surrounding a relationship of a branch of its Government with a private party. Indeed this is a strange setting for the partnership power policy. Any explanation or inquiry into the relationship is inevitably met with the plea of executive privilege.

The most recent refusal of Mr. Gordon Gray, the Director of the Office of Defense Mobilization, occurred on June 18. I had telephoned Dr. Arthur S. Flemming, Mr. Gray's predecessor, on Saturday, June 15, and among other things asked for an oral explanation concerning the March 11, 1957, letter which was addressed to him by Interior Secretary Seaton.

Dr. Flemming advised me that he had addressed a memorandum to Mr. Gray specifically concerning the March 11 letter of Secretary Seaton. I was given the impression by Dr. Flemming that he had not considered this memorandum privileged and accordingly I requested Mr. Gray to produce it for examination by the subcommittee.

Mr. Gray again pleaded privilege. I am quite sure that this memorandum could have thrown considerable light upon this troublesome question but again this body was refused the privilege of examination.

Mr. Gray told the Antitrust and Monopoly Subcommittee that he made his mind up to issue the tax certificates to the Idaho Power Co. on or about April 9 or 10. He stated that thereafter he checked with the four individuals in the White House and the present Solicitor of the Interior Department, the proposed press release that was issued by the Department on April 29. At the instruction of Mr. Gray the tax certificates were signed on April 17.

Mr. Jacob B. Wycoff, chief of the Tax Amortization Branch of the Office of Defense Mobilization, stated that on either April 16 or 17 he telephoned the Ebasco representative, a service company, and agent for the Idaho Power Co. He told the representative to come by his office the next morning, that he had something for him. A copy of the tax certificates was delivered to the agent who receipted for them on April 18. The Ebasco agent stated that upon receipt of the first call he telephoned the vice president of the Idaho Power Co. in Boise, Idaho, and informed him that he believed the tax certificates had been issued. When he actually received copies of the certificates he confirmed this fact by a later call to the same official of the Idaho Power Co.

Coincidentally, with the mystery surrounding this telephone call, a peculiar fact occurred on the New York Stock Exchange. On April 17 some 4,300 shares of Idaho Power Co. stock turned over on the exchange. During 1956, an average trading day in this stock consisted of approximately 700. This fact would not have been so unusual had the public been let in on the announcement that the tax certificates had been issued to the Idaho Power Co. However, according to the testimony of Mr. Gray, the first public mention of the granting of the tax certificates was made by him at a press conference on April 25. The official press release was not made public until April 29.

The Subcommittee on Antitrust and Monopoly is presently investigating the purchases of this stock. Last week I noted with pleasure that on the order of the Director of Defense Mobilization the practice of that office of informing the recipients of tax amortization certificates privately prior to public announcement was discontinued. I understand that in the future the public announcement will be made on the date that the certificates are issued.

Mr. President, those in support of the administration's position vigorously argue that benefits accruing to the State and Federal Governments in the form of taxes, navigational aids, irrigation aids, will amount to in excess of $400 million.

If these benefits are possible, they are possible only by virtue of extremely high payments by the consumers for the power which is to be produced by this company. The hearing examiner, in a report recommending the licenses for the construction of these dams, referred to the power that would be produced by these dams as fancy-priced power. I cannot foresee how this great section of our Pacific Northwest will be in any way materially benefited by the construction of these dams by the Idaho Power Co., resulting in such high cost. I cannot foresee any orderly industrial development in an area wherein power is fancy priced. I would challenge any member of this body to predict that any great aluminum plant might be built in an area served by such high-priced power. Should S. 555 be passed and the high dam built in Hells Canyon, the power generated by such a dam would be cheap power. Its sale to industry and to the ultimate users at cheap prices would completely repay the Government for the construction of the dam. I can also foresee, if this dam is built, an orderly development for this great area. I can foresee great plants being built in this area. I can foresee great prosperity if the dam is built.

I cannot foresee the corresponding prosperity if the Idaho Power Co. is allowed to destroy this great dam site by the so-called low dams that are presently being constructed.

I recommend the passage of this bill.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Colorado [Mr. CARROLL].

Mr. CARROLL. Mr. President, I wish to compliment the distinguished Senator from Tennessee, who has been chairman of the Antitrust Subcommittee of the Judiciary Committee investigating the Idaho Power Co.'s fast tax writeoff.

The statement of the distinguished Senator from Tennessee with respect to this morning's rejection of the tax writeoff certificates by the Idaho Power Co. was accurate. I read now from a headline on the front page of this morning's Washington Post:

Idaho Power decides to reject writeoff.

Here we are, on the eve of voting on one of the most important national issues to come before this body in 5½ months. The present president of the Idaho Power Co., Mr. T. E. Roach, we are now informed, has taken action to reject the fast tax writeoff.

As a matter of fact, he is in no position to reject it, and there is no official document before this body to show that he is authorized to take such action.

A few days ago, on June 8, when he appeared before the Antitrust Committee, Mr. Roach was interrogated by the distinguished Senator from Tennessee [Mr. KEFAUVER] and the distinguished Senator from Wyoming [Mr. O'MAHONEY]. He was asked, in substance, "Why did you mislead the Federal Power Commission when you were applying for your license?"

The Chairman of the Federal Power Commission, Mr. Kuykendall, had testified before our committee that he never intended that the company should receive any financial assistance from the United States Government. By their own testimony the company officials indicated that they had faint hope of any fast tax writeoffs. This is what Mr. Roach said when the Senator from Wyoming pressed him and asked why, after he had obtained the license, he had asked for this tax writeoff relief. Mr. Roach said, only 8 days ago:

We are a publicly regulated taxpaying utility. We are not free agents as corporate officers or as administrators of a publicly regulated agency, to waive aside any of the provisions of the Federal income-tax law.

And our Idaho Public Utilities Commission has stated, not once, but many times, that we have an obligation, as a regulated utility, to take full advantage of the law.

I agree with the distinguished Senator from Tennessee that this action is a sham, a hoax, and fraud on the eve of this important vote. It is another attempt to misrepresent the position of the Idaho Power Co. before this body.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. CARROLL Let me make one further observation.

This body will decide this issue today. This body should pass the bill now before it. The effort we are making as legislators is the only safeguard, the only protection we can give to the great Snake River project which the distinguished Senator from Washington has accurately described as being in the public interest.

And let me make one further observation. No statement by the Idaho Power Co. to a newspaper, and no official notice, even to ODM, is binding on the United States Government. If the stockholders and the board of directors have certain rights under the law, they will assert those rights. I ask this body not to be deceived, as I believe it was deceived a year ago, when many distinguished and able Members of this body said that there would be no Federal contribution to this program.

I now yield to the distinguished Senator from Tennessee.

Mr. KEFAUVER. As the Senator says, at various times Mr. Roach, in speaking about the rapid tax writeoff, said that he had an obligation to his stockholders and to the company which he could not waive, to try to obtain this valuable right. Having obtained the valuable right, however he may have obtained it, would not the same situation prevail, that he could not, on his own responsibility, waive or give away something valuable which the company had obtained? And, of course, this right is of tremendous value.

Mr. CARROLL. The Senator is correct. A stockholder could institute suit against him. A great benefit of $339 million flows to the corporation from these tax writeoff certificates.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. MANSFIELD. I yield 1 minute more to the Senator from Colorado.

Mr. CARROLL. There is only one way, in good faith, that this tax amortization certificate can be revoked under the law by ODM. Let me read what the law says:

The certifying authority—

That is, the ODM—

may cancel any certificate where it has been obtained by fraud or misrepresentation.

If the appropriate document from ODM had been received by this body—and I assume none has been received—we would then know that there had been a withdrawal or cancellation of the certificates. No such document is forthcoming.

In these last few moments of debate before this momentous vote, let me say that we have studied this question for weeks and months. I cast no reflection upon the fine men who voted against this project a year ago. But I think they were misled, and I think this latest development, this attempt to turn back in the ill-gotten tax certificates is false propaganda to mislead us again, on the eve of the vote.

Mr. HUMPHREY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. MANSFIELD. I yield 1 minute more to the Senator from Colorado.

Mr. CARROLL. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I merely wish to ask the Senator from Colorado if, in the situation to which he refers, the announcement by the Idaho Power Co. that it decides to reject the writeoff is not something like the action of the man who was caught stealing chickens? As he was walking out of the coop the chickens began to squawk, and when he was caught by the local sheriff he wanted to put the chickens back in the coop. I say, "Watch out for the dark of the night, when the watchdog is on the job."

That is what the Senator from Colorado is saying, that this will be a replay, and now the propaganda comes out that, "We don't want anything to do with this nice bonanza which was going to be handed to us." They were perfectly willing to accept it until Sheriffs KEFAUVER and O'MAHONEY exposed them. When they are caught with their hand in the cash register they say, "Oh, we were just looking around to see what

was happening." Mr. President, I urge the passage of the bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. Mr. President, I yield 30 minutes to the distinguisher Senator from Idaho.

Mr. DWORSHAK. Mr. President, last year the Senate by a decisive vote of 51 to 41 defeated legislation to authorize a Federal dam at Hells Canyon on the Snake River. That action was accepted as ending a controversy which has retarded water resource development in the State of Idaho. Even during the campaign of 1956 Hells Canyon was not discussed as an issue in Idaho.

However, Mr. President, there have been tremendous forces, not only in some sections of Idaho, but throughout the Northwest, which have persisted in maintaining Hells Canyon as a symbol of the public versus private power controversy. Many advocates of this Federal power development at Hells Canyon have professed an interest in our State, but unfortunately, there has been conclusive evidence to show that selfish objectives have motivated those who arbitrarily claim the right to plan a comprehensive basin development along lines which give priority to other considerations which are detrimental to Idaho.

In the great Columbia River Basin, we have had a diversified and integrated resource development to provide maximum benefits of irrigation, flood control, navigation, recreation, and power development. In some areas, the Federal Government is best qualified to construct multiple-purpose projects, while in other areas non-Federal agencies and private utilities have been able to do an outstanding job sponsoring projects for which they were best qualified. More than half of the power generated in the Columbia Basin has been provided by non-Federal sources. Competition between these various groups has resulted in stimulating materially power generation so that consumers are beneficiaries of both efficient service and reasonable rates. It is my opinion that such a competitive situation is highly desirable in preventing monopolistic trends by either Government or non-Federal interests.

I refuse to accept the theory that all power projects should be constructed by the Federal Government; and therefore, I believe that it is imperative that constant turmoil and friction over the public-power issue be submerged so that a realistic approach may be used in orderly development of the Columbia Basin. Great progress has been made through the Northwest power pool to insure efficient marketing of power regardless of its source. This system of distribution has been widely accepted, and shows what can be accomplished when there is cooperation and integration.

Hells Canyon Federal Dam is only one of several projects vitally affecting Idaho. Both the Army Engineer Corps and the Bureau of Reclamation have recommended such projects as Bruces Eddy on the North Fork of the Clearwater River and the Burns Creek Reregulating Dam on the South Fork of the Snake River. It is extremely unfortunate that Members of Congress from other States and interests outside of Idaho have attempted to influence resource development on the basis of their own selfish interests rather than letting Idaho plan its own development.

On April 29 of this year, I addressed the annual meeting of the Idaho Reclamation Association at Pocatello, Idaho, and proposed that a State water coordinating advisory board be created to unify planning of water-resource development. Idaho has extremely valuable water resources, and maximum conservation and use of these resources would be expedited if we had a State advisory board which could endeavor to compose differences and insure orderly development. This would take into account the various areas within our State and the needs for our industrial, agricultural, and recreational growth.

Mr. President, at this point I ask unanimous consent to have printed in the RECORD some of the objections to S. 555 as outlined in the minority views, which I signed.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SOME OF THE OBJECTIONS TO S. 555 AS OUTLINED IN THE MINORITY VIEWS

While the Congress is struggling to reduce the budget so that inflation can be halted and debt and tax reductions granted, the proposal made in S. 555 would represent an unnecessary out-of-Treasury expenditure or an outright tax loss, of a billion dollars.

The action recommended in S. 555 would result in a denial to the Nation of the benefits of assistance from non-Federal sources in the development of our hydroelectric resources.

S. 555 proposes upsetting a unanimous decision of the Congress' own bipartisan power agency, the Federal Power Commission. This proposal is made in spite of the fact that the FPC deliberations on the Hells Canyon decision were the most extensive in the agency's history—extending over 2 years and amassing 20,000 pages of testimony in 150 hearing days. The FPC procedures and decision were upheld by a recent action of the United States Supreme Court.

Power is still urgently needed in Idaho and elsewhere in the Pacific Northwest, and yet S. 555 would halt the contemplated delivery of energy from the Brownlee project in 1958 and postpone comparable power production at the Hells Canyon reach of the Snake River at least until 1964.

High Hells Canyon Dam would not contribute a drop of water for irrigation, municipal, or industrial use in Idaho.

In demanding the high Hells Canyon Dam as a flood control necessity, supporters of S. 555 are ignoring the fact that at least 90 percent of the unsolved flood control problem on the Columbia River originates from flood flows downstream from Hells Canyon and on other Columbia River tributaries. Furthermore, the high dam would not solve flood control problems upstream on the Snake River and its tributaries, where it is needed within the State of Idaho.

Rejection of S. 555 would not mean discrimination against the States of Oregon and Washington in their water resource development. These States already have received one-seventh of Federal flood control and navigation construction funds and one-fifth of Federal reclamation construction funds appropriated for all the 48 States.

If the project proposed in S. 555, including both transmitting and generation facilities, were built in 6 years, as the supporters contend it will be, the project would require nearly $100 million a year in reclamation appropriations. Total reclamation construction funds requested in the 1958 Presidential budget amount to only $156 million for all 17 Western States, and efforts are being made in some quarters to reduce this amount.

Section 3 (c) of S. 555 directs the Secretary of the Interior to supply and transmit from the McNary Dam, many miles downstream, the necessary construction power for the Hells Canyon Dam, in spite of the fact that the Secretary of the Army has specifically stated that "the purpose of this provision is not clear and might prove undesirable from an economic standpoint."

Mr. DWORSHAK. Mr. President, the limitations of time make it inadvisable to refer to all of the inaccuracies and misstatements contained in the report of the Committee on Interior and Insular Affairs favorably recommending authorization of the high Hells Canyon Dam on the Snake River.

On page 16 of the report are two paragraphs under the heading "Hells Canyon, a Prime Weapon Against Floods." Attention is then called to the flood threat in the Columbia Basin in 1956 being as great as any year of record, but that the orderly runoff of snow packs precluded any devastating floods in that year. The report emphasizes the need of providing storage to impound flood waters in the Columbia Basin with the implication that a high Hells Canyon Dam would remove the flood threat which occurs almost annually in the lower Columbia Basin.

While the Army Engineer Corps and the Bureau of Reclamation have in the past evaluated flood storage in the middle Snake River area, it should be pointed out that the Snake River is the only 1 of 4 main watersheds in Idaho which has any storage dams or river development.

As recently as March 28, 1957, at hearings before the House Subcommittee on Appropriations on the Public Works Budget for 1958, General Foote, divisional engineer from the Portland Army Engineer Corps office, testified as follows: "The existing gross storage on the Snake River above its confluence with the Salmon River totals approximately 9,967,000 acre-feet, located in a total of 138 reservoirs. Of this amount, approximately 8,750,000 acre-feet is considered active storage. There are approximately 2,833,000 acre-feet of usable storage for downstream flood control, and in addition to this, irrigation diversion and storage will provide a considerable measure of flood control."

At the same hearing, General Foote submitted pertinent data on the source of major floodwaters in the Columbia River Basin.

Naturally, many of these reservoirs on the Snake River were not in existence in June 1894 when the major flood occurred in the Columbia Basin. In 1894, the Engineer Corps table, showing the Columbia River peak flow at The Dalles as 100 percent, the Snake River above Salmon—at Oxbow—contributed 8.5 percent of the peak flow and only 9 percent of the volume flow during the flood period.

In the devastating Columbia River flood of May 1948, the same basis of 100 percent peak flow of the Columbia River at The Dalles, the Snake River

above Oxbow contributed only 5 percent of the peak and only 4.9 percent of the volume of the water in the Columbia River at The Dalles during the flood period. In the June 1956 Columbia River flood, according to the Army engineers' testimony before the House group, the Snake River at Oxbow contributed only 5.8 percent of the peak flow of 100 percent in the Columbia River at The Dallcs and only 6.4 percent of the volume flow during the flood period.

Therefore, according to these figures submitted by General Foote for the 2 major floods of June 1894 and May 1948 and also June 1956, more than 90 percent of the floodwaters in the lower Columbia River originated downstream from the site of the proposed high Hells Canyon Dam. In all sincerity, I ask my colleagues to explain how a dam built to control floodwaters comprising less than 10 percent of the total flood potential of the Columbia River will effectively control floodwaters arising on the Columbia River in Canada, the Kootenai River, the Clark Fork and the Pend O'reille River, the Clearwater River, Salmon River, the Spokane River below Coeur d'Alene Lake, and several miscellaneous streams and tributaries downstream from the Snake River at Oxbow.

I appreciate fully Mr. President that it is possible to make preposterous political claims concerning the floodwaters of any watershed like the Columbia River. However, the figures submitted at the House hearing by the Army Engineer Corps should prove conclusively the fallacy of claiming that a high Hells Canyon Dam would be the potent weapon in alleviating the flood menace in the Columbia Basin. This is about as impractical as attempting to make water run uphill. But even this may be contemplated by those who should realize that their speeches, claims, and unrealistic planning cannot disprove or refute accurate records compiled by the Army Engineer Corps.

Some of the cosponsors of the proposed Hells Canyon project have vigorously opposed the authorization of a multiple-purpose dam at Bruces Eddy on the north fork of the Clearwater River. According to the data submitted by the Army Engineer Corps at the recent House hearing, the Clearwater River at Spaulding in 1894 contributed 12.2 percent of the peak flow at The Dalles compared with only 8.5 percent from the Snake River at Oxbow.

In 1948, the Clearwater River discharged 16.4 percent of the peak floodwaters as compared with only 5 percent from the Snake River at Oxbow.

In 1956, the Corps reports, the Clearwater River discharged 10.7 percent of the peak waters in the Columbia at The Dalles as compared with only 5.8 percent contributed by the Snake River at Oxbow.

These figures should decisively show the need of flood storage reservoirs on the Clearwater River such as Bruces Eddy where the real flood threat originates when the Columbia River is confronted with a flood menace.

Mr. President, in the recent spring of 1957 there were some devastating floods in the upper watershed. But it plainly shows that those floods were not in the vicinity of the proposed Federal dam in the Hells Canyon reach of the Snake River. The floodwaters were either in the upper tributaries or far downstream tributaries, such as the Clearwater River, in a different watershed.

So again I must emphasize that if we want to control floodwaters, obviously it is necessary to build dams where the flood waters are being discharged. A flood control dam should not be built in some remote canyon, where the floodwaters are not a real menace.

Mr. President, I shall devote my remarks now to the question of why the compact between the seven States in the Columbia River Basin has not been ratified by the Legislatures of either Oregon or Washington. The Legislatures of Idaho, Utah, and Nevada—the latter two States participating only to a limited extent in the utilization of the waters of the Columbia River Basin—have ratified the compact. However, in Oregon and Washington, without regard to partisanship, there has been opposition to the compact. A meeting has been scheduled for this week of members of the compact commission at Portland, Oreg., and it is possible that some new effort will be made to reach an equitable agreement conducive to greater cooperation among the seven States of the basin.

During debate on the Senate floor on Monday, January 14, 1957, the senior Senator from Oregon [Mr. MORSE] emphatically declared that he would do everything he could to defeat the compact. On that occasion, in response to a question from me, the Senator from Oregon said:

> We are not going to agree on the question of the compact. I think a compact would not be in the interest of my State or the Pacific Northwest, and I shall oppose it.

Continuing, the senior Senator from Oregon declared during that debate:

> I want to say that in the State of Oregon the compact does not have the chance of a snowball in a hot oven. I am not going to sit in the Senate and support a program which I am satisfied the people of my State would want me to reject.

That is the ultimatum delivered to the upper basin States, and I question whether that reflects a firm determination in Oregon that the people there will oppose a basin compact indefinitely.

Negotiations for an interstate compact between the seven States have been in progress for more than 6 years. They were first conducted on an informal basis by representatives of the various States, prior to the passage of authorizing legislation. Then, after formal authority to conduct such negotiations had been enacted by the Congress and the legislatures of the States involved, the negotiations were continued by the officially appointed representatives of the various States.

From the point of view of the upstream States, the fundamental requisite of any compact is proper protection for present and future irrigation water rights against the large water rights which are necessarily required for, and become appurtenant to, the great downstream powerplants. In other words, already there are water requirements for the great downstream plants which, in low-water periods, require more than the entire flow of the stream. If these rights are strictly enforced, there can be no further irrigation expansion in the great semiarid upstream basins of the Columbia River tributaries.

This was particularly important to the State of Idaho, which has the greatest potentials for irrigation development. Admittedly this will reach a minimum of a million additional acres, with the possibility that this may increase up to 2 million additional acres. All of this is over and above the present irrigated empire of approximately 2¾ million acres.

Accordingly, throughout all the negotiations, the Idaho representatives have insisted that, without qualification, there must be a provision that present and future upstream irrigation water rights have priority over downstream nonconsumptive power rights. Idaho was fully supported in this position by the other upstream States. It was agreed that the same priority for irrigation rights should prevail with respect to the eastern portions of the downstream States of Washington and Oregon, for they, too, are dependent upon expansion of irrigation reclamation for their future agricultural growth.

Also, the upstream States, with Montana as their leading spokesman, have insisted that with respect to any future power developments having large storage reservoirs in any upstream State, the rights of the State in which the project is located to an equitable share of all of the resulting power, both at site and downstream, should be protected. From the experience at Hungry Horse, it was realized that storage reservoirs would be operated, not with the principal object of producing the most power at site, but rather with respect to producing maximum power in the overall hydro system, extending clear down through the lower reaches of the Columbia, so that much of the actual resulting power from the storage would be produced at lower plants. It was also realized that the impending power shortages on the Pacific coast would initially absorb all new power, but the State of Montana felt that they should have the right hereafter, after due and proper notice, to draw back for use in the State their equitable share of the new generation when it was there needed in future years.

The other upstream States fully supported Montana in this position.

Many other questions are involved in the compact, but these were the basic matters discussed.

The history of the proceeding so far in the compact negotiations is as follows:

First. Negotiations of Columbia River compact authorized by act of Congress of July 16, 1952, amended July 14, 1954.

Second. (a) The States of Idaho, Washington, Nevada, and Montana each passed specific legislative acts in 1951 creating commissions to negotiate this compact.

(b) Wyoming, Utah, and Oregon all had continuing compact negotiating authority of a general nature which enabled them to participate without further legislative action.

Third. After many meetings, in all the States of the basin, of the full group of commissioners, comprising some 40 men, and many meetings of special subcommittees, drafting committees, and other groups, a draft of the compact was agreed upon and was formally approved by the full group in Spokane, Wash., on December 29, 1954.

Fourth. The compact was formally signed at Portland, Oreg., on January 15, 1955, by the commissioners, and was approved by the Federal representative, Mr. Frank A. Banks.

Fifth. The 1955 Legislatures of Idaho, Nevada, and Utah formally approved the compact. It has not been approved by the legislatures of the other States.

BACIC FEATURES OF COMPACT

While necessarily lengthy, and technical in language, the compact is basically simple.

The one absolutely mandatory provision, article VII, is that which provides that all irrigation water rights in the upstream area which are either now in existence or which may be acquired prior to the year 2000 shall be prior to any downstream, nonconsumptive power rights.

Mr. President, in the compact which was originally negotiated, it is provided that either at the year 2000—or in 2050 if it is later unanimously agreed to extend the time to that date—any then unappropriated waters may be apportioned among the States.

The importance of this provision is emphasized by the specific provision—article VII (D)—that the compact shall not become effective unless the Federal law approving it accepts this priority provision. All other provisions of the compact with respect to power or water rights, other than the foregoing absolute priority of irrigation rights acquired up to and including the year 2000, are merely recommendatory.

The compact provides for a permanent interstate compact commission comprised of 11 members, 2 each from Idaho, Montana, Oregon, and Washington, and 1 each from Nevada, Utah, and Wyoming. This commission is intended to be a truly representative body, representing all of the States in the basin. It is given the power either to initially propose or to review and consider proposals made by other Federal or State agencies with respect to all plans for the construction of works relating to flood control, navigation, power development, irrigation, or other water uses. It is intended to have general planning and review authority, with the purpose of making it a truly adequate and representative spokesman for the whole basin.

Among the things upon which this permanent commission shall make recommendations are those with respect to the allocation of power in connection with all newly proposed projects. There is stated the basic provision that there shall be a fair and equitable apportionment of the hydroelectric power among the States in the basin. Also, that with this basic principle in mind the commission shall, with respect to all new projects, whether either federally constructed or constructed under licenses issued by the Federal Government, determine the amount of power and energy which, in its judgment, is equitable for reservation and use in the State or States in which the project is located, and the kind of reservation which would be reasonable and practical in the particular case, and shall make its recommendation to the Congress or the licensing agency.

It is, of course, recognized that the only power of the permanent commission is to make such a recommendation, and that the determination with respect thereto would, in the final analysis, be made either by Congress or by the Federal Power Commission, as the case may be.

The commission also is directed to make recommendations to the proper agencies with respect to pollution control, fish, wildlife, and recreation protection, and to itself engage in general planning activities. The commission would be financed by the States of the basin. A nonvoting Federal representative shall serve as chairman of the commission.

Mr. President, the need for the execution of such a compact before the creation of any new downstream Federal project is very great. And particularly is there need for such a compact prior to the construction of any Federal project on the Snake River above the mouth of the Salmon River, for the demands for water in that section of the Columbia River Basin are already highly competitive and will rapidly become more so.

All now concede that if any such Federal project as Hells Canyon Dam were constructed, the Federal Government, under its constitutional authority, would be supreme, regardless of whatever protective language might be included in the act, for the reason that any such protective clause would be at best subject to immediate change by Congress and of no binding effect upon any Federal executive department claiming constitutional rights.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. DWORSHAK. Yes, briefly.

Mr. BARRETT. Is it not a fact that Wyoming and Idaho have entered into a compact for a division of the waters of the Snake River?

Mr. DWORSHAK. Yes, that is true. I intend to mention that later in my statement. That compact was entered into in 1950, I think.

Mr. BARRETT. Is it not true that the people of Idaho feel that the only assurance they can have of securing their full share of the waters of the Snake River is through a compact between Idaho and Oregon?

Mr. DWORSHAK. Yes, that is true, because Idaho furnishes so much of the water which flows down the Snake, the Clearwater, and the Salmon into the lower Columbia River Basin.

Mr. BARRETT. Practically all the water is furnished by Idaho except for water from Wyoming.

Mr. DWORSHAK. Yes, that is true, and there is a small portion which comes from Eastern Oregon.

Mr. BARRETT. So Idaho would be unprotected unless there were a compact if a Federal dam were built on the Snake River.

Mr. DWORSHAK. That is correct, in the section of the Snake River which would be largely dependent on water discharged by the main Snake River.

The Snake River above the mouth of the Salmon River already has almost 10 million acre-feet of storage, this being by far the best developed stream in the basin. This existing storage will not fill in low water years. In 1934 the American Falls Reservoir, with the second oldest priority of the large reservoirs, filled only approximately 50 percent. Even the ardent advocates of the high dam admit it will not fill in years of low stream flow. Accordingly, there will inevitably be a clash between the demands for water in the Federal dam and the demands of the upstream irrigation water rights.

Without a prior interstate compact, the present and future irrigation water rights are in great danger. With an investment of a half billion dollars in the Hells Canyon project and its transmission lines, and additional billions of dollars in affected downstream projects, the pressure would be irresistible on the operators of the Federal dam in low water years to demand sufficient water for its full operation, even if it adversely affected upstream water rights. The downstream interest would demand that this be done.

A compact would be the only protection. It would bind the downstream States to recognize the upstream irrigation priorities. It would bind the Congress both morally and legally. And no Federal officials who were operating dams could trespass on irrigation rights unless and until the Congress had with all formality terminated or altered the compact.

Mr. President, the specious argument, in the committee report completely overlooks the point that a compact would bind the downstream States. It also overlooks the fact that such documents, executed in accordance with the express permission of the United States Constitution, are instruments of the highest character—similar to international treaties. They are the approved and frequently used methods for establishing rights between several States.

No further Federal dams on the Snake River, below the great irrigated empire, should be built until, by compact, the irrigation rights of the upstream areas have been assured protection.

It is appropriate at this point to refer—as has already been done by the Senator from Wyoming—to the fact that Public Law 464, of the 81st Congress, 2d session, is an act granting the consent and approval of the Congress to a compact entered into by the States of Idaho and Wyoming, relating to the waters of the Snake River. That act was approved on March 21, 1950. It is very significant that this compact is conclusive evidence of the good will and the desire for cooperation on the parts of the States of Idaho and Wyoming to have an equitable distribution and full utilization of the waters of the upper Snake River. If the States of Idaho and Wyoming could agree, as they did, to this compact—which makes a division and allocation of the water of the upper Snake River—then certainly the States of Oregon and

Washington could be expected to do likewise.

Article 1 of the compact or agreement between Wyoming and Idaho provides as follows:

A. The major purposes of this compact are to provide for the most efficient use of the waters of the Snake River for multiple purposes; to provide for equitable division of such water; to remove causes of present and future controversies; to promote interstate comity; to recognize that the most efficient utilization of such waters is required for development of the drainage area of the Snake River and its tributaries in Wyoming and Idaho; and to promote joint action by the States and the United States in the development and use of such waters and the control of floods.

So, Mr. President, I am sure that the people of Idaho are justified in the position they take, namely, that in the absence of a compact ratified by the States of Oregon and Washington, there is little justification for the State of Idaho to consent to the building of a high dam in the Hells Canyon, almost entirely dependent upon water from the States of Wyoming and Idaho to operate the dam, until there is a complete understanding, based upon the provisions of the basin compact which already has been ratified by the Legislatures of the States of Idaho, Nevada, and Utah.

Mr. President, I think one of the most potent arguments made by those who are opposed to the high Federal dam is that thus far there has been a complete lack of good faith and good intentions on the part of the officials of the two lower-basin States of Oregon and Washington.

Mr. President, at this point I should like to refer briefly to the distinction which exists when projects are built by non-Federal agencies, under licenses granted by States such as Idaho.

The Department of Reclamation, State of Idaho, has granted to the Idaho Power Co. three water permits for construction and operation of dams on the Snake River—Brownlee, Oxbow, and Hells Canyon. These permits contain a provision which makes these water rights subordinate to all upstream present and future consumptive uses.

The Federal Power Commission license provides that the private project—

shall be operated in such manner as will not conflict with the future depletion in flow of the waters of Snake River and its tributaries, or prevent or interfere with the future upstream diversion and use of such water above the backwater created by the project, for the irrigation of lands and other beneficial consumptive uses in the Snake River watershed.

Thus, Mr. President, under this plan the State retains full control, whereas under the high-dam proposal the Federal Government would exercise absolute control.

Mr. BARRETT. Mr. President, at this point will the Senator from Idaho yield to me?

Mr. DWORSHAK. Yes; I yield briefly.

Mr. BARRETT. Is it not a fact that the water rights for upstream users are protected under the State license granted to the Idaho Power Co. for the construction of its dams?

Mr. DWORSHAK. Yes; that is the interpretation made by those who are authorities on water law.

Mr. BARRETT. So the State application protects the irrigators upstream from the dam, and the Federal Power Commission has done the same thing in granting the license.

Mr. DWORSHAK. That is stipulated in the license.

Mr. President, a concise statement of this position is that made by J. Lee Rankin, Solicitor General of the United States, at a hearing before the House Interior and Insular Affairs Committee on February 22, 1956, while that Committee was considering the "Water Rights Settlement Act of 1956," which is the same act as the so-called Barrett bill. I now read from the hearing:

The Representative from the Second Congressional District in Idaho—

Just one question, and then I will yield. To bring this down to a specific bill which is pending before this committee * * * if that bill were enacted, then would the State laws be abrogated, so far as the waters of the Snake River and its tributaries are concerned?

Mr. RANKIN. You have to have certain assumptions. Assume that it is a valid Federal project—and we would assume that—and that the Congress approved that action, any place where the State law would interfere with the carrying out of the will of Congress, we would say that the executive branch did not have to comply with that particular part of the State law, because they could not carry out the Congressional will, and, insofar as the State law would try to prevent the Federal Government from acting in its proper sphere, it has no control.

Mr. BUDGE. In other words, if this Congress should pass the Hells Canyon bill, the control over the waters of the Snake River and its tributaries would be under the control of the Federal Government, insofar as any conflict arose between the operation of the project and State water laws. Is that correct?

Mr. RANKIN. I think that would have to follow.

So, Mr. President, I think that is convincing evidence that the people of the upper Snake River Valley, in Idaho, are justifiably alarmed over the possibilities of having their water rights placed in jeopardy by the construction of a Federal dam in the Hells Canyon area.

Mr. WATKINS. Mr. President, will the Senator from Idaho yield at this point, in order to give me an opportunity to request that an insertion be made in the RECORD?

Mr. DWORSHAK. I yield.

Mr. WATKINS. Mr. President, the minority members of the Interior Committee stated their views regarding this threat to Idaho's water rights. I ask unanimous consent to have printed at this point in the RECORD that portion of the minority views.

There being no objection, the excerpt from the minority views was ordered to be printed in the RECORD, as follows:

S. 555 THREATENS IDAHO'S WATER RIGHTS

4. S. 555 violates the precedent of Congressional respect for States rights in water resource legislation affecting the semiarid West.

No interstate compact has been effected to adequately protect the rights of Idaho and other upper Snake River Basin States to consumptive uses of water in the Columbia River and its tributaries. This was a basic objection to S. 1333. It remains a basic objection to S. 555.

People who live in the humid sections of the country have difficulty in comprehending the active interest in water resource legislation that is taken by people who live west of the 98th meridian, in what is the semiarid region of this great country of ours. In much of this part of the West, annual precipitation averages only from 5 to 10 inches a year. This represents only a little more moisture than falls in the humid East during a typical week of heavy hurricane rains. Furthermore, most of this limited precipitation in the semiarid West occurs in the winter in the form of snow. Therefore, to have water for its cities and its relatively small agricultural oases, the West is obliged to build storage reservoirs which trap moisture during the spring snow melt and conserve it for use during the dry months of the year.

In western water development, a major advantage has been enjoyed by the downstream water users on our large rivers. The downstream areas frequently are the first to develop, have the best hydropower sites, and build up population justifying earlier development.

COMPACT PRECEDENT SET ON NEIGHBORING RIVER

This was the situation faced by the upper States of the Colorado River Basin when the downstream users first proposed large-scale storage on that river in the 1920's. The upper basin States, whose watersheds supply 90 percent of the water of the Colorado, recognized that the tremendous storage capacity proposed for the Boulder Canyon project would enable the downstream States of California and Arizona to put to use all the available unappropriated water in that river. Hence, the upper basin States refused to approve the construction of the Boulder Canyon project until the lower basin States had guaranteed to them, in an interstate compact, specific consumptive water uses in the river. Ratification of such a compact was required by Congress in 1928 as a condition to authorization of the project act which ultimately made possible the construction of Hoover Dam.

A similar situation exists on the Columbia River today. Tremendous power and irrigation projects have been constructed on the lower river. In this river basin, however, unlike the situation on the Colorado, the coastal sections are a water-surplus area, and considerable reclamation development has already occurred in Idaho's arid Snake River drainage basin. Hence, there has not been a comparable drive in the Northwest for protection of the legitimate uses in the several basin States. The day is here, however, when an agreement between the States is necessary to safeguard the rights of investors in water-use projects and to avoid unnecessary waste of millions in needless litigation.

In the Snake River Basin of Idaho, a lack of an interstate compact or a judicial adjudication will be a barrier to future water development in that State. This is the basis of Idaho opposition to the high Hells Canyon proposal at this time.

IDAHO'S FEARS AMPLY JUSTIFIED

These fears are amply justified A power dam consumes relatively little water, but it establishes an appropriative right to streamflow which must be considered legally and morally in any future water development. In the case of the high Hells Canyon Dam, long-term storage rights are sought for a reservoir impounding 4 million acre-feet of water, held vitally necessary for national defense, flood control, power production, and regulation of the riverflow to provide firm power at downstream power dams.

Proponents of high Hells Canyon Dam have sought to reassure the people of Idaho that their future water rights in the Snake River are adequately protected by section 2

of S. 555. Responsible western water law authorities do not concur in this opinion.

When H. R. 5743 was introduced into the 82d Congress, section 2 read as follows:

"SEC. 2. The operation of the Hells Canyon division shall be only such as does not conflict with any present beneficial consumptive use, valid under State law, of the upstream waters of the Snake River and its tributaries, and as does not conflict with any future depletion of flows arising from future upstream diversions for beneficial consumptive uses under State law—

"(1) in a total amount which is reasonable and equitable for the irrigation of new and supplemental land developments which are, in total area, like those indicated in chapter IV of the substantiating materials to the Hells Canyon Project Report, as set forth in volume 2 of House Document No. 473, 81st Congress; and

"(2) in a total amount which is reasonable and equitable for future upstream consumptive uses for domestic, municipal, stockwater, mining, and industrial purposes."

PROVISO NO ADEQUATE SUBSTITUTE FOR COMPACT

This provision, we maintain, is no adequate substitute for a formal interstate compact, but it does spell out the rights preserved for the upstream States, which are the only rights endangered by this proposed reservoir project.

In S. 1333 of the 84th Congress, this section had been watered down to this form:

"SEC. 2. The operation of the Hells Canyon Dam shall be only such as does not conflict with present and future rights to the use of water for irrigation or other beneficial consumptive uses, whether now or hereafter existing, valid under State law, of the upstream waters of the Snake River and its tributaries."

In committee, this was further modified, to read as follows (new material in brackets):

"SEC. 2. [Notwithstanding the provisions of any other law,] the operation of the Hells Canyon Dam shall be only such as does not conflict with present and future rights to the use of water for irrigation or other beneficial consumptive uses, whether now or hereafter existing, valid under State law, of the waters of the Snake River and its tributaries upstream from the dam [and downstream]."

1956 SECTION 2 RATED ULTIMATE

This section was described as follows in the committee report on S. 1333, last session:

"The committee concludes that section 2, as amended, provides the fullest possible protection against infringement by this project on any beneficial consumptive use rights, present or future. The only way greater protection could be afforded would be by an amendment of the Constitution."

In spite of this unqualified endorsement, the section was further amended in S. 555, to read as follows (new material in brackets):

SEC. 2. Notwithstanding the provisions of any other law, the operation of the Hells Canyon Dam shall not conflict with, [and shall be subordinate to], present and future rights to the use of water for irrigation or other beneficial consumptive uses, whether now or hereafter existing, valid under State law, of the waters of the Snake River and its tributaries upstream from the dam and downstream.

A close analysis of section 2 of S. 555 discloses that at best it is confusing, and at worst it holds out false hopes to the people of Idaho that their future needs for water for consumptive purposes will be fully protected.

HIGH DAM WOULD ESTABLISH RIGHT UNDER STATE LAW

It is the understanding of the minority that the State laws of both Idaho and Oregon recognize the use of water for hydropower production as an appropriative beneficial use right which will have priority over any other rights initiated and established subsequently upstream from the powerplant. Section 2 limits the protection for so-called future rights to those valid under State law. A future use upstream would be subsequent to the establishment of the Hells Canyon Dam, which under both the laws of Oregon and Idaho in such a situation would be first in time and, therefore, first in right. That would be a valid right under State law, and any future use right upstream would be junior to the Hells Canyon hydropower right. Under the same State law, therefore, the upstream water development is defined as a junior right and, consequently, is only valid to that extent.

Thus we have one valid right against another, or two valid rights under State law—one senior and the other junior. And this State law cannot be changed by an act of Congress.

Thus section 2 fails to accomplish its announced purpose.

There is still another point of view to be considered. It has long been the position of Idaho irrigation interests that the language of section 2 is, in actuality, meaningless. First, it is obvious that this or any other Congress could repeal or amend this language at any time; and in the event of a clash of water rights between the single dam and irrigation interests, as mentioned above, this would be a probable occurrence. And, secondly, this language does not give any protection against Federal control of the river.

Most western water States have had disillusioning experiences with downstream hydroplants on streamflow subsequently required for upstream consumptive water uses. Such downstream plants, including at least one Federal project, have had to be purchased outright, or otherwise compensated for water intended to be used by the water users, to fill reservoirs which were being planned to store water for municipal, industrial, and agricultural uses.

FPC LICENSE MAKES POWER USE SUBORDINATE

This prospect is not faced by Idaho in the case of the Federal Power Commission dams, because the license specifically provides that upstream water depletion for future consumptive use takes precedence over production of hydropower at the Hells Canyon site, now and in the future.

If section 2 does not in fact—and should this be later established by the courts—protect the rights of the upstream States to all consumptive use needs now and in the future, as proponents contend, then it should be pointed out that such future needs could very likely deplete the flow of water of the Snake to the point where efficient power generation at the high dam will be greatly reduced. That is a risk that may well become a reality, and under such circumstances the Federal Government certainly should not make an investment of over $500 million based on such a risky water supply.

We believe this comment is fully justified. If the downstream States of Oregon and Washington are willing to consent to a provision of this bill that will fully protect Idaho's future rights to water for consumptive needs now and in the future, then why are these States so adamant against joining in an interstate compact which would be ratified by their legislatures and bind them formally to recognize such rights and make it possible for Idaho's rights to be fully protected in the courts of the land?

COLUMBIA RIVER STATES HAVE DRAFTED COMPACT

The Columbia River States have a proposed compact, drafted in 1954 after interstate considerations extending over several years. However, the proposed compact, while signed by the Interstate Compact Commission in early 1955, has not been ratified by the lower basin States of Oregon and Washington and these States have refused to ratify a revised draft completed in 1956. In fact, the impression has been given that these States will never ratify such a document. Hence, Oregon and Washington are telling Idaho, in effect, "We refuse to guarantee upstream rights by entering into a compact, but we offer you in place of such a formal legal compact, a so-called protective clause in S. 555 which we believe will effectively protect your rights to Snake River waters."

So far, Idaho has not accepted the assurances that a proviso of S. 555 will protect its rights to develop a rightful share of Snake River water. On the contrary, Idaho leaders and farm groups have accepted the alternative proposal of the Idaho Power Co. to develop needed kilowatts by a 3-dam project which requires only 1 million acre-feet of storage.

No one has contended that this smaller reservoir could not be filled from excess streamflow, and it is not authorized by Congress as the key to a regulatory program to increase firm power production at large downstream Federal power dams. Furthermore, the license for this 3-dam project contains a proviso (art. 41), which specifically directs that water rights for the Idaho Power Co. dams—obtained on application to the State of Idaho—shall be subordinate to consumptive uses upstream, now and in the future.

This restrictive article in the Federal Power Commission license provides that the project "shall be operated in such manner as will not conflict with the future depletion in flow of the waters of Snake River and its tributaries, or prevent or interfere with the future upstream diversion and use of such water above the backwater created by the project, for the irrigation of lands and other beneficial consumptive uses in the Snake River watershed." Both the Federal Power Commission and the State of Idaho can police this directive. Legal remedy, if required, can be obtained in Idaho courts.

An attempt was made in committee to substitute the language of this proviso for section 2 of S. 555, but it was beaten down by the supporters of high Hells Canyon. Such an amendment would not be an adequate substitute for a compact, but it would more effectively spell out the upstream rights, which are the only ones at stake here.

Mr. DWORSHAK. Mr. President, I have indicated that I believe wholehearted cooperation among the seven States in the Columbia River Basin is highly desirable if we are to have equitable conservation and use of our valuable water resources.

At this point I should like to call attention to the fact that the total acreage in the Snake River drainage—according to House Document No. 531, of the 81st Congress, 2d session, a printed report of the Chief of Engineers, dated February 14, 1950—is 69,760,000. In other words, there are approximately 70 million acres in the Snake River Basin. The report indicates that Idaho has 46,297,600 acres, or approximately two-thirds of all the acreage in the entire Snake River drainage. Yet we have heard Senators from other States in the Columbia River Basin contend that they are so solicitous about the interests of Idaho that they want to have a dam built in complete disregard of the fact that most of the water originates in the State of Idaho, as well as in the State of Wyoming, and of the fact that Idaho has approximately two-thirds of the total acreage in the Snake River drainage area.

Mr. President, in this connection I ask unanimous consent to have a brief table on the Snake River drainage printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Snake River drainage

State	Irrigated acreage [1]	Total acreage [2]	Square miles [2]
Oregon	422,500	12,992,000	20,300
Washington	7,195	3,392,000	5,300
Idaho	2,168,983	46,297,600	72,340
Wyoming	76,573	3,270,400	5,110
Nevada	40,904	3,577,600	5,590
Utah	6,320	230,400	360
Total	2,722,475	69,760,000	109,000

[1] Irrigation census of 1950 covering year 1949.
[2] H. Doc. 531, 81st Cong., 2d sess., a printed report of the Chief of Engineers (Feb. 14, 1950).

Mr. DWORSHAK. Mr. President, Idaho wants upstream development and maximum utilization of her vast water resources. This development must safeguard water rights, prevent encroachment by the Federal Government, and nullify selfish efforts of the lower basin to preempt Idaho's rich heritage.

Mr. President, a few minutes ago, during the debate, some references were made to the value of fish and wildlife and whether that element is involved to a great extent in the building of the Federal Hells Canyon Dam. During the past 2 years extensive studies of fish and wildlife have been in progress throughout that section of the middle Snake River and on the Clearwater River drainage, in order to determine the extent to which fish and wildlife are affected.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The time yielded to the Senator from Idaho has expired.

Mr. DWORSHAK. Will the Senator from Illinois yield an additional minute to me?

Mr. DIRKSEN. Mr. President, I yield 1 additional minute to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 1 additional minute.

Mr. DWORSHAK. I thank the Senator from Illinois.

Mr. President, at this point I should like to read a telegram which I have just received from Blaine Stubblefield, of Weister, Idaho. It reads as follows:

WEISER, IDAHO, *June 20, 1957.*

Hon. HENRY DWORSHAK,
Senator from Idaho,
Washington, D. C.:

Suggest these points be emphasized in debate on Senate bill 555. Anyone can see that unless Brownlee goes on the line as ordered by Federal Power Commission the Northwest will face a drastic power shortage in 1958, which will curtail industry and jeopardize defense. Ask opposition where is alternate power source. Also emphasize that proposed Federal dam would inundate low-level gorge and seriously impair scenic values. Drawdown of nearly 300 feet would leave muddy smear unfavorable to water sports. The three-dam project ordered by FPC will create impoundments much like present running river, vastly superior for recreation. I am pioneer and only commercial navigator of Hells Canyon. Thanks.

BLAINE STUBBLEFIELD.

Mr. President, although the limitation on time has prevented me from discussing various other aspects involved in this controversy, which involves public power versus private power, I have tried to emphasize, in the brief time at my disposal, the fact that in Idaho there is real apprehension over what will result if the lower basin States are permitted to take over completely the control of the waters which flow down the great Snake River in Idaho.

Mr. BARRETT. Mr. President, will the Senator from Illinois yield 1 additional minute to the Senator from Idaho?

Mr. DIRKSEN. I yield an additional minute to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 1 additional minute.

Mr. BARRETT. Mr. President, will the Senator from Idaho now yield to me?

Mr. DWORSHAK. I yield.

Mr. BARRETT. I wish to commend the Senator from Idaho for his splendid presentation of the issues involved in the pending controversy. I know he has referred to the interests of the conservation groups in this bill. I have before me an article, issued by the Hells Canyon Association, Lynn Tuttle, Chairman, of Clarkston, Wash. He is urging the passage of Senate bill 555 and also the construction of the Nez Perce Dam.

As I understood, all the conservation people were opposed to the Nez Perce Dam.

Mr. DWORSHAK. I think that question should properly have been submitted to some of the proponents of the high dam, because, obviously, that dam would impair the migration of fish up the Salmon River.

Mr. BARRETT. So I have understood, but I cannot quite understand how the proponents of this bill can come into the Senate with clean hands and say they are looking after the interests of conservation when they are proposing construction of a dam at Nez Perce which will obstruct the passage of salmon up the Salmon River.

Mr. DWORSHAK. Possibly that controversy will come before the Congress at some future time.

Mr. BARRETT. I thank the Senator.

Mr. DIRKSEN. Mr. President, I yield 6 minutes to the Senator from Vermont.

Mr. FLANDERS. Mr. President, let me first say, in my considered opinion, the persisting idea that there is some intrinsic reason why hydroelectric power should be developed by the Federal Government is fallacious. Special consideration should rule in each case, and not generalities. There are special considerations in favor of the high Federal dam in Idaho. One of these special considerations is that it would provide cheap subsidized power. A second consideration, less effective than the first one, is that to some extent at least it would be a multipurpose dam. However, the information we have just had as to the importance of its flood-controlling capabilities for the waters downstream indicates that the multipurpose element of it is scarcely worthy of consideration.

There is another reason which sometimes makes it advisable for the Federal Government to undertake a development of this sort, and that is that the project may be too big for private development. That is not the case here, because a private corporation has already begun the development.

There are certain special considerations which lead in the opposite direction, toward the construction of this power project by private capital. The proposed dam, the single high dam, is by the very necessities of engineering design, expensive in capital cost for the power produced. That is inherent in the situation, in the matter of tons of reinforcing steel and cubic yards of poured concrete. The increased power derived is at an expense too great to make it cheap in any sense of the word.

Furthermore, I do not want to be taxed for cheap subsidized power from Hells Canyon. I want the Idaho Power Co. taxed, so as to relieve, to that extent, my tax burden; and I have confidence in the legal safeguards of the Federal Power Commission and the Idaho Utilities Commission. Let me close these brief remarks by saying, just a little louder, "I don't want to be taxed."

Mr. DIRKSEN. Mr. President, I yield 4 minutes to the Senator from Kentucky [Mr. MORTON].

Mr. MORTON. Mr. President, I realize the so-called fast tax writeoff has become a moot question, but there has been much said recently and much heat generated by proponents of S. 555, a bill to authorize construction of a Federal high Hells Canyon Dam. I am particularly disturbed that some of my colleagues have chosen to indict the present administration as having done something morally wrong in granting certificates of necessity which make possible the so-called fast tax writeoff to the Idaho Power Co. in its private development of Hells Canyon.

This is a very important issue and one in which there well may be varying opinions and philosophies. However, the basic argument is concerned with the development of Hells Canyon and whether it shall be a public or a private project. Undoubtedly, much can be said for either side of that question. But I believe that specious arguments which attempt to label private development or the granting of certificates of necessity as morally wrong are wholly unjustified, unreasonable, and a disservice to this body and the citizens of this Nation.

As a matter of fact, certificates of necessity are granted to private companies as an instrument for encouraging private investment for defense supporting facilities. These certificates were provided for by Congress and up to May 27, 1957, 21,929 certificates were granted, totaling $23,106,134,000. Of these, 927 certificates were in the power field. There is no question of dishonesty or immorality here. These certificates are granted as a matter of public policy, as established by the Congress itself.

The Office of Defense Mobilization on April 29 announced it had authorized Idaho Power Co. to depreciate 65 percent of the $67,138,240 cost of Brownlee Dam

and 60 percent of the $35,943,730 cost of Oxbow Dam in 5 years rather than over a longer period. This means Idaho Power Co. could have deducted—until it withdrew its privilege today—$65,206,094 from its taxable income in figuring out its income taxes over that 5-year period. Ordinarily, the company could deduct only one-fiftieth of that amount each year, or $6,520,609 for the 5-year period. The difference equals $58,685,485. This extra depreciation deduction would have saved the company $30.5 million in taxes over the 5-year period. But its subsequent taxes would have been higher because it would have used up some of its depreciation deductions.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. BARRETT. The Senator from Kentucky is making a very fine statement. The fact of the matter is that the rapid tax amortization is based on $6 million a year for 5 years.

Mr. MORTON. The Senator is correct. The amount would be $30½ million, according to my calculations.

To simplify the matter, let us look at it in another way. If the owner of a small grocery store spent $1,000 to enlarge his store, he would be able to deduct the depreciation on the $1,000 from his taxable income. If he used the fast tax writeoff concept he could deduct $200 a year for 5 years from his taxable income. This would lower his taxes for 5 years. However, since the normal depreciation period is 20 years, he would pay higher taxes for the remaining 15 years, since he would have no depreciation left to deduct. In simple terms this explains the fast tax writeoff. And the Congress has authorized all business to depreciate its investment in facilities.

If the Congress wishes to do away with certificates of necessity it may do so. Until it does, however, these certificates must be understood for what they are—a public policy to encourage private investment for defense supporting facilities. And electric power is certainly a primary defense supporting facility.

The facts are that if S. 555 is enacted and the partially built private 3-dam project is brought to a halt, the Federal Government will be committed to spend up to $651,800,000 over the next 6 years, only to face an outright Federal loss of roughly $400 million which includes the loss of prospective tax receipts. Also the State of Idaho would lose roughly $200 million in taxes. At the same time, we would be delaying for at least 6 years the objective now obtainable in 1958 of providing 1 million acre-feet of needed flood-control storage on the Columbia River's Snake River tributary, producing needed wintertime electric power for Idaho and the Northwest at 2 of the 3 FPC-licensed dams.

This total cost of the Federal high dam and the downstream generating and transmission addition is estimated at $651,000,000 in the minority views expressed in Senate Report No. 324.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. MORTON. Mr. President, will the Senator from Illinois yield me 2 additional minutes?

Mr. DIRKSEN. I will yield 1 additional minute to the Senator from Kentucky, Mr. President.

Mr. MORTON. Mr. President, this is $651,800,000 which the taxpayers of the United States will not have to pay if the private development goes forward. Completion of the project will initiate production of power, which ultimately will return $5,642,526 annually to the Federal Treasury in Federal income taxes, and another $4 million annually to State and local taxing units in Idaho. Furthermore, the industrial expansion and additional employment made possible by the project, and the additional energy generated, will return additional millions to the Treasury in personal income taxes. Hence, the assumption properly should be that it will not be necessary for the Federal Government to borrow anything to make up for the temporary deferral of Idaho Power taxes on the defense-certified facilities. If the high Federal dam is authorized, on the other hand, no Federal, State, or local taxes will be paid on the construction of the facility or on the generation of power.

Let me reemphasize this point. This issue of the so-called fast writeoff is a smokescreen. It should more logically be labeled a deferred tax plan. The certificates of necessity issued to Idaho Power defer taxes but do not forgive them. If the Government builds the high dam, there will be no taxes at any time and all will be forgiven. And now the Idaho Power Co. does not intend even to use these certificates.

I agree with President Eisenhower that private initiative and capital should develop the resources of America whenever possible. The Federal Government should step in only when the job cannot be done by private interests or local governmental units. In this case private capital and initiative are ready, willing, and able to do the job. In fact, the Idaho Power Co. has already spent or committed itself to spend about $50 million. Let us defeat this proposed legislation, and permit the great American system of free enterprise to get on with the job.

Mr. DIRKSEN. Mr. President, I yield 4 minutes to the distinguished Senator from Michigan [Mr. POTTER].

Mr. POTTER. Mr. President, I should like to comment briefly on the effect which the pending bill, if enacted, would have on States which themselves do not manufacture large quantities of hydroelectricity.

My own State of Michigan is a water-conscious State. With the exception of a relatively short strip of land on her southern border, Michigan's vast boundaries are entirely formed by water. However, these are lake waters which do not lend themselves to power development in the same way as do our Nation's fast-running streams.

Nevertheless, Michigan has a vital stake in the Hells Canyon bill. It is simply this: Her taxpayers would contribute to the cost of a high Federal dam across the Snake River. In that way the people of Michigan would be sudsidizing a power development which over the long run would work to their harm. For what would happen, once the dam is completed and the kilowatts begin pouring forth? The power manufactured at Hells Canyon will be sold at the low rates made possible by Federal subsidization—the same type of cheap power produced in our southern regions. And following the pattern established in the South, that cheap power will lure our Michigan industries away from their communities and their established position in my State.

This principle holds true for the taxpayers of all those States which do not possess within their boundaries the natural resources for development of cheap hydro power. The Hells Canyon proposal which is now under consideration asks my State to sign away its own economic vitality. It asks my State to help build its own competition. Therefore, I oppose it.

I should like to draw a distinction between the type of Federal power project we are considering and the fine work which is being done by the Rural Electrification Administration. A number of REA projects in my State have distinguished themselves for wise and prudent operation. They pay for their power and amortize their investment as they go along. This is entirely businesslike and commendable. But surely it is asking a great deal of these citizens to "shell out" tax dollars so that their Government may construct a project which threatens their own operation.

As we all know, Federal projects frequently are "under-priced" as they come before Congressional scrutiny. Later, when the work gets under way, we find that the cost is two or three or more times the estimates given to Congress. This, unfortunately, is now happening with a most worthy project, the St. Lawrence Seaway. But nowhere have I seen figures so grossly out of line as the estimates for the high dam at Hells Canyon. The proponents State that it would come to $352 million. Mr. President, the figures presented in the minority views on this bill list items involved here which would at least double that figure. I repeat, at least double it. I predict that the total cost would come close to $1 billion.

The PRESIDING OFFICER. The time of the Senator from Michigan has expired.

Mr. POTTER. Mr. President, will the Senator yield me 1 additional minute?

Mr. DIRKSEN. I yield 1 additional minute to the Senator from Michigan.

Mr. POTTER. Mr. President, the Congress has had a mandate from the American people to economize. Let us think a long time before committing public funds up to a billion dollars for a proposal that can be equally well carried out by private enterprise.

A number of cogent objections to this bill appear in the minority views. I should like to emphasize a few:

S. 555 would upset a unanimous decision of the Federal Power Commission, which studied this matter for over 2 years, and whose decision was upheld by a recent action of the United States Supreme Court.

This bill violates a precedent we in Congress have long observed—water resource legislation affecting the semiarid West should originate in the States.

The high dam would not contribute precious water for irrigation, municipal, or industrial use in Idaho or anywhere else in the West.

The three-dam project is more economical. While additional kilowatts would be produced by the single high dam, its production would still fall far short of basin requirements.

Mr. President, we have come a long way from the early thirties, when private power companies dragged their feet and hesitated to step into power-short areas. The Federal Government stepped into the South and provided cheap power in a poverty-stricken area of our Nation. Today the situation is entirely different. Private power companies stand ready and willing to pioneer in these developments and the three-dam proposal is a case in point. If we are to do anything more than pay lip service to the term "private enterprise," we must give the Idaho Power Co. this opportunity to serve the people of the States of Idaho and Oregon.

Mr. DIRKSEN. Mr. President, I yield 30 minutes to the distinguished Senator from Utah [Mr. WATKINS]. Incidentally, I may say, in yielding time to the Senator, I salute him at the same time for the vigilant and sustained way in which he has carried on the struggle with respect to the bill which is pending before the Senate.

The PRESIDING OFFICER. The Senator from Utah [Mr. WATKINS] is recognized for 30 minutes.

Mr. WATKINS. I thank the Senator from Illinois.

Mr. President, there is one question that has received little or no attention in this debate. At least, it certainly has not been answered. That is the question, Mr. President, of what the consequences would be to the people of southern Idaho, and northern Nevada, and eastern Oregon—yes; and also the people of my own State of Utah—in terms of power shortage, should Congress now pass S. 555.

The immediate result, of course, would be that it would put a stop to the hydroelectric construction now underway on the Snake River, which will develop over half a million kilowatts of power, and a million acre-feet of flood-control storage, that will otherwise be ready and in operation by the winter of 1958.

What would be the effect of this stoppage? What would be the impact upon the entire Northwest, and the effect upon the problems of national safety and defense? These are vital and immediate questions, Mr. President, which cannot be overlooked or avoided in the consideration of S. 555.

Completion of Oxbow and Brownlee late next year—in time for the winter peak loads, and when water is short on the main Columbia power system—will add over half a million kilowatts of generating capacity to an area that is already desperately short of power even today.

It has already been said here, I believe, that last winter many defense plants were partially closed down during the winter.

Mr. President, if the Brownlee and Oxbow construction is stopped, I ask the question—what will that area do for its power requirements, which are growing rapidly? There is no additional power to be had from the Bonneville Power Administration. Bonneville and the Federal power system out there cannot even take care of its own requirements now.

Just last January, Bonneville was forced to cut off 490,000 kilowatts of industrial loads—including metal industries and loads that would be vital to defense—because it did not have the power to serve them. That was this year, January 1957, Mr. President, and electric demands are constantly growing. These power requirements certainly could not be supplied from a Federal Hells Canyon project, which would take 7 to 10 years to construct, after plans were completed, and after appropriations were made.

There is no source of power other than Brownlee and Oxbow that can possibly be completed in 1958, to supply these shortages. No other source of power is available for the Northwest requirements in the years immediately ahead. What would happen to Idaho and the Northwest, should we pass S. 555 and stop this construction now?

Do the proponents of S. 555 propose a moratorium on Northwest power consumption? Are they ready to say to business, industry, and agriculture that they should stop all growth and progress for 7 to 10 years, and stop any further increased use of electricity, so they can ultimately get their power from a Federal project, rather than to get it now from a privately financed project licensed under the Federal Power Act?

What about the farmers, Mr. President, and their continuing increase of power uses on their farms and ranches, and for irrigation pumping? Do the proponents of S. 555 say to the farmers that the national public power demands that they put a halt to their progress and wait 7 to 10 years for Hells Canyon?

How about industrial growth, Mr. President? Do we have another 7- to 10-year moratorium in industry, too, and in the expansion of many industries that will be vital to national safety and defense? Are they willing to impose a shutdown on industrial growth, stop the creation of new jobs, and stagnate the area for the sake of substituting an expensive Federal power development some 7 to 10 years from now for practical developments now well along to completion?

There has been a great deal of talk about taxes, their possible loss through rapid tax amortization, and the urgent need of the Federal Government for additional tax revenues. If we pass S. 555, Mr. President, we not only stop the construction of projects that will ultimately provide the Government with nearly $6 million a year in new Federal income, but those jobs that we forestall, those industries we prohibit from starting or expanding—all of these would provide taxes, too.

The real tax loss develops, Mr. President, when we adopt a public-power-or-nothing program, the only result of which can be to aggravate an already existing power shortage and to isolate the people of Idaho and the Northwest from the power supply that they simply must have if they are to maintain their economy and a healthy and tax-productive place in the national economy.

What are the people of Idaho going to do for their future power needs—even for their present-day requirements—if Brownlee, for example, is not ready next year? That affects my own constituents, too, Mr. President, down in Utah, for we are also a part of the Northwest power pool.

To tide over the delay in getting its license from the Federal Power Commission, the Idaho Power Co. has been getting up to 100,000 kilowatts of power from the Utah Power & Light Co. from Salt Lake City. That contract expires in September 1958, because Utah is growing too. That means that the Idaho Power Co.—which serves about 60 percent of the entire population of the whole State of Idaho—will lose all of its power supply from Utah upon the expiration of its steam power contract in the fall of next year.

Mr. President, where is this power for southern Idaho to come from, if Congress puts a stop to their construction, by passing S. 555 at this late day, when the first of the 3 dams at Brownlee, with 360,000 kilowatts, is half completed, and the Oxbow plant also underway?

Certainly Utah can no longer supply this power, Mr. President. We need it down in Utah ourselves. It is the Idaho customers who will suffer. Where is the power going to come from to supply the present load—let alone future growth requirements? If S. 555 is passed and construction is stopped, a half a million kilowatts of power for Idaho and the Northwest will not exist in 1958. It simply will not be there. And the people will have to take their power shortage, and lump it. It does not require a slide rule, Mr. President, to figure that out.

There are several hundred thousand people to be considered here—good, honest citizens, I am sure—half the entire population of Idaho—entitled to fair and equitable consideration of their problems—as much as any other group of citizens of this country. And their electric power supply today—not 7 to 10 years from now, is their problem.

Authorization of a Federal Hells Canyon power dam now would force these people to stop where they are—stop their growth and development and prosperity for at least 7 years. Does that make sense, Mr. President, when the local power company has already spent $50 million to supply them with needed power next year? Shall we now destroy that investment—tear it out, flood it out—and then pay for doing it both in dollars and delay in getting power that the whole Northwest critically needs today?

Those are questions that are basic in our consideration, Mr. President, and the answers can only point to the defeat of S. 555.

Mr. President, I have previously had occasion to remark about the warmed-over hash which some of the supporters of S. 555 have again dished up to us in

this debate. Nothing new has been added; we have had the same arguments that were made and considered last July when the Senate defeated S. 1333 by a 51 to 41 vote. We are wasting the time and money of the Senate, Mr. President. I suggest that what we should have done is to have inserted the CONGRESSIONAL RECORD of July 17, 18, and 19, 1956, in the RECORD by reference only, and adopted it as the debate on S. 555.

We have listened to the same old claim that power from a Federal dam at Hells Canyon could be sold for 2.7 mills per kilowatt-hour. Apparently, the continuous repetition of this statement, which was fully exploded in the argument a year ago, is on the theory that if one repeats the claim that black is white often enough, there are some people who will eventually believe him. Even the Bureau of Reclamation and Army engineers did not claim anything so ridiculous as that.

The Bureau's report on the Columbia River and the Army's 308 report on the Columbia River are the law and the gospel to the supporters of S. 555—at least, those parts that support their contentions. But they have apparently forgotten, as was pointed out in last year's debate, that both the Army engineers and the Bureau admitted in those reports that Hells Canyon power would have to be sold at 4 to 4.4 mills, if the big dam was ever going to pay out.

Mr. President, I have on previous occasions remarked about the subsidization of power on the Bonneville system in the Northwest—and the fact that Bonneville is selling much of its Government power at less than cost.

I filled the RECORD with the details, giving the names of the big industries which are receiving a free ride on the so-called tax amortization certificates. In addition, they were getting their power at less than cost from the new dams.

The time has long passed when this situation should have been corrected. I do not believe that the taxpayers in 46 States, all of which have their own industrial and economic problems, should any longer continue to subsidize power and industry in two States out in the Pacific Northwest.

Mr. President, recently an article appeared in Public Utilities Fortnightly magazine, the issue of April 11, 1957. It was entitled "Bonneville's Net Revenues Shrinking Rapidly."

The Columbia River power system now represents a Federal investment of about $1.7 billion. It is claimed that about 16 percent of the Government's investment has been repaid, and while repayments are said to be ahead of schedule. According to the BPA's report, these estimates are "tentative pending the formalization of the cost allocations and repayment schedules."

This is the picture, Mr. President, and it is not a healthy one. In 1952, Bonneville's net revenues reached their peak, and have been declining rapidly ever since. In 1952, BPA had a gross revenue of $40,180,000 with a net revenue of $15,891,000, or nearly 40 percent of total operating revenue. For the fiscal year 1956, BPA's gross revenue had increased to $60,993,000, but its net revenue had actually declined to only $5,949,000—or less than 10 percent of gross.

But the worst of it, is the BPA estimate for fiscal year 1958, when an all-time gross revenue of $74,400,000 is anticipated—with a net revenue of only $5,980,000, or only 8 percent. You can well imagine, Mr. President, what it would do to the BPA financial picture to put Hells Canyon power in the pool at a cost of 4 to 4.4 mills per kilowatt-hour, and then turn around and sell it at an average of 2.7 mills or even less.

I ask unanimous consent that the article, Bonneville's Net Revenues Shrinking Rapidly, be inserted in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BONNEVILLE'S NET REVENUES SHRINKING RAPIDLY

The Columbia River power system consists of the Bonneville Power Administration (BPA) and various other hydro projects such as Grand Coulee, Hungry Horse, McNary, Chief Joseph, The Dalles, and so forth. The system is operate by BPA under the United States Department of Interior. During the year the Columbia River system added 562,000 kilowatts new generating capacity, including 280,000 at McNary, 256,000 at Chief Joseph, and 26,000 elsewhere.

The Columbia River system now represents an investment of $1.7 billion, of which nearly three-quarters is allocated to power and over one-quarter to nonpower functions such as irrigation, flood control, navigation, and so forth. Since 1952 the increased investment allocated to power has increased 148 percent while the nonpower component gained only 70 percent. About 16 percent of the Government's investment had been repaid as of last June. While these repayments are said to be ahead of schedule, the estimates are tentative pending the formalization of the cost allocations and repayment schedules.

With favorable hydro conditions, sales to customers of Bonneville totaled 26 billion kilowatt-hours in the fiscal year ended June 30, 1956, an increase of 19 percent over the previous year. Water conditions were favorable during the year. Of the combined power revenues of $61 million for the Columbia River power system, the aluminum industry last year contributed 33 percent, other industry 13 percent, publicly owned utilities 32 percent, privately owned utilities 20 percent, and others 2 percent.

During its 18 years of operation, the composite average kilowatt-hour rate charged by BPA has averaged 2.38 mills per kilowatt-hour. Sales to publicly owned utilities averaged 2.81 mills, and to privately owned 2.30 mills. Industries paid 2.24 mills (aluminum slightly less), benefiting by very high load factors approaching 100 percent.

Bonneville and Grand Coulee are very low-cost power producers, primarily because they were constructed largely at prewar price levels. However, since 1952 the cost of the additional hydro projects has been much greater per kilowatt of capacity, which has resulted in a rapid rise in costs, particularly depreciation and interest. Since wholesale power rates have not been increased, net revenues have dropped sharply. Net revenues reached a maximum of $15.9 million in 1952, equal to nearly 40 percent of operating revenues, but by last year had dropped to $5.9 million or less than 10 percent of gross, and the ratio is expected to drop to 8 percent in 1958. (See chart, page 541.)

The Administration is hopeful of increasing net revenues by revising rates. Sales of nonfirm energy to the industries on an interruptible basis have been substantial in recent years, but have not been covered by formal contracts. BPA hopes to place sales of interruptible power on a firm contractual basis, with possible advantages to both itself and the customer.

While interruptible power is available for a fairly substantial percentage of the time, on the average, additional and substantial amounts are available for a much smaller part of the time, during the high runoff months of late spring and early summer and during other times when stream flow conditions are unusually favorable. If this low-availability energy can be offered for sale at sufficiently attractive rates, it may be possible to sell large quantities to replace steam generation, particularly for new steam plants, to supplement coastal hydro plants, or to industries that can adapt their operations to such power.

Ford, Bacon & Davis has prepared a report of the entire rate structure, which is being studied. Bonneville Power Administration's recommendations relative to the report will be submitted to the Secretary during the coming year.

Mr. WATKINS. There is one other matter, Mr. President, which I cannot let pass. During most of the years of my life and legal career I have worked with western water law and the problems of farmers and water users. Day before yesterday, in his opening speech on S. 555, the junior Senator from Idaho repeated the old argument—again an argument that was made and answered last year—that the power company, with an FPC license, which be just as much of a threat to upstream irrigators and waters rights as would the much larger Hells Canyon power reservoir owned and operated by the Federal Government. I shall not again compare the size of these reservoirs, and point out again that the Brownlee Dam can be filled every year, even low-water years, during the spring flood runoff period—whereas the larger reservoir could not be refilled in many years. That has been gone over time and time again.

But I do want to point out the oratorical inaccuracy of the junior Senator from Idaho [Mr. CHURCH] when he said:

> It seems clear, then, that the Federal power over the Snake River in Hells Canyon remains paramount, even though the private dams are built there. The Federal power, whatever it may be, floats on the river all the way to the sea. Those who fancy this power as a possible threat to future upstream diversions of the water in the Snake River are furnished no shield by private dams in Hells Canyon. The same Federal power will rest on top of them as it rests on the Government dams downstream.

Mr. President, the distinguished junior Senator from Idaho was not in the Senate a year ago, when this same point was debated. So he could not be blamed for repeating the argument again, except for the fact that Senator CHURCH got himself involved in a newspaper debate last year with Representative BUDGE, of Idaho, on this same point. Representative BUDGE is a distinguished and able lawyer in the field of water law. The junior Senator from Idaho made this same contention, and Representative BUDGE answered it.

I do not ask Senators to accept either side of this legal argument, although I personally and strongly agree with Representative BUDGE. But, as to the rights of an FPC license on a navigable river, I again refer the junior Senator from Idaho to the decision of the United States Court of Appeals in California—as Representative BUDGE also referred him. The junior Senator from Idaho may not have taken the time to read Representative BUDGE's reply to this argument; or if he did, he most conveniently avoids reference to the case of *U. S.* v. *Central Stockholders of Vallejo* (52 Fed. 2d, p. 322).

A licensee under the Federal Power Act does not have the same powers, or the sovereignty, of the United States.

The Supreme Court has in several decisions held that the licensee does not obtain the paramount rights of the Federal Government itself: *Henry Ford & Son* v. *Little Falls Fiber Co.* (280 U. S. 369); *U. S.* v. *Central Stockholders of Vallejo* (52 F. 2d 322); *Federal Power Commission* v. *Niagara Mohawk Power Corporation* (347 U. S. 239). In the Vallejo case, the United States Court of Appeals held that a licensee under the Federal Power Act "is not clothed with any of the sovereign rights of the United States to assert control of the stream under the commerce clause of the Constitution, and that a licensee is, by the Federal Power Act itself, 'subordinated to the rights of private owners interfered with or affected by the authorized project.'"

Mr. President, the Idaho Power Co. has obtained from the State of Idaho—through whose great irrigated valleys the Snake River flows—a waterpower permit for its plants that makes them specifically subject to both present and future needs for irrigation upstream. The water users can therefore enforce this protection against the company in their own States courts. And the company's FPC license contains the same provision, so that the company's rights under Federal law are likewise limited.

I should like to point out that I offered in committee the same provision that the Federal Power Commission put into the license granted to the Idaho Power Co. I offered it as an amendment to the pending bill. It was rejected. In place of it, section 2 was added, which I believe is completely phony in its effect to protect the Idaho users in the future of nearly 2 million acres of land yet to be put under cultivation. That land cannot be cultivated without a water supply, and the only water supply is in the Snake River. The high Hells Canyon Dam, calling for 4 million acre-feet a year will deprive the upper basin of much-needed water for its future use.

Those State and Federal rights are all the company has. They are limited, Mr. President, by their very creation and definition. And that is a far different matter from the sovereignty of the United States Government under the commerce clause of the Constitution, as the Vallejo decision of the United States court of appeals has pointed out.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Utah has 14 minutes remaining.

Mr. THYE. Mr. President, will the Senator yield?

Mr. WATKINS. I will yield for a brief question, because I must hurry along. My time is limited.

Mr. THYE. The question is this, If the Idaho Power Co. is permitted to continue with its installations, will that cause any greater danger to fish and wildlife and conservation practices than if the high dam were constructed?

Mr. WATKINS. It will not cause as much, because the dams are not so high. Besides, the Federal Power Commission requires the Idaho Power Co. to construct some bypasses for the fish, at its own expense. Under the high Hells Canyon Dam scheme the United States Government would have to pay for all of it. That cost is not reimbursable, I may say.

Mr. THYE. The other objection is that if there are 3 installations, and 3 flues are built, through which the water must pass in those installations, in order to get the water through the power units, there would be danger to fish life, because there would be actually 3 dams the fish would have to bypass, or the fingerlings would be sucked into the flue.

Mr. WATKINS. The company would put in whatever the Fish and Wildlife Service required. There are several ways in which the situation could be handled. They could even collect the fingerlings and bypass them by truck and put them into the river upstream.

Mr. THYE. That would be at a tremendous expense, would it not?

Mr. WATKINS. That would be paid for by the Idaho Power Co.

Mr. THYE. I thank the Senator.

Mr. WATKINS. They would pay for all of it. On the other hand, it would be paid for by the Federal Government out of taxpayers' money, and would not be reimbursed, under the high Hells Canyon scheme.

Mr. THYE. In the event that the Idaho Power Co., with its 3 dams, should not generate as much power as 1 high dam would, they would then have to go downstream and put in additional installations, which again would have the tendency to flood vast areas of wildlife refuge. Is that correct?

Mr. WATKINS. Of course wherever a dam is built in that region, the result is bound to be that it will flood out some wildlife. At the same time, additional wildlife areas would be created.

Mr. THYE. Of course the Senator lives in that area and is familiar with it. That is the reason I am asking these questions of him.

Mr. WATKINS. I am satisfied that the three-dam plan is better for wildlife and for conservation than the high Hells Canyon Dam. However, there are many more dams to be built on the Columbia River, and particularly on the Salmon and Clearwater, and those dams will give more flood control, because they are where the floods occur. The upper Snake is very largely controlled now. There should be no great floods on the upper stream. The place to provide for flood control is on the Clearwater and Salmon, where the real floods occur.

Mr. President, I shall speak on miscellaneous matters connected with the issue now under discussion.

While I applaud the action of the Idaho Power Co. in rejecting the proffered rapid tax amortization certificate and in that way removing a beclouding diversion, I deplore the insinuations of misconduct which have been directed at the company and at the officers of ODM in this matter. I wish to point out that I have gone through the record and I have read the proceedings affecting Mr. Gray of ODM before the Kefauver committee. I have read the statements made by the Idaho Power Co. officials before that committee. I was there and took part in the proceedings. I cannot find in the record one instance where the law was violated. It was a law that was placed on the statute books by Congress. It has been administered year after year. The Idaho Power Co. came forward as other companies did, and made its case, under the regulations of the Office of Defense Mobilization, and Mr. Gray carried out the provisions of the law. All should be equal before the law. The tax amortization was granted. Today they have renounced it. That ought to end the matter. It seems as though all one need to do is to make insinuations in asking questions and in that way smear a good man in Government. I do not know Dr. Gray. I have never met him. I have talked to him on the telephone once. I want to say, however, that I think he has been very unfairly treated by Members of the Senate and members of our committee. He has been smeared. He was carrying out the law which Congress had enacted. There is nothing immoral or dishonest about his actions. I went into this matter and what the Idaho Power Co. had done. They acted in compliance with the law.

I wish to call the attention of the Senate to what they were willing to do.

They were willing to pay taxes, which would have amounted to $229 million, as I recall, in 50 years. They were also willing to do certain things which, under the high Hells Canyon Dam scheme, would be required to be done at the expense of the taxpayers of the United States, without any hope of reimbursement. The Idaho Power Co. would do them at no expense to the Government. There are direct Federal costs which would not be reimbursed, or actual Federal tax losses which would result if the private project were terminated. There would be $48 million in nonreimbursable allocation to flood control, aid to navigation, and recreation, as set forth in the summary on page 392 of the Senate hearings on S. 1333, 84th Congress.

To my knowledge, this does not include funds for fish-protection facilities, which would add at least another $5 million to this figure, according to an FPC estimate. These services would be provided without cost to the Federal Government by the Idaho Power Co. in its three-dam project, but would be paid for by Uncle Sam if the Federal dam should be authorized.

Mr. THYE. Mr. President, will the Senator yield?

Mr. WATKINS. I cannot yield. I have only a few minutes left.

The Idaho Power Co. has gone ahead in good faith. It has spent approximately $50 million. The people of that area are desperately in need of power. They have come to Utah to get power until 1958, which is as long as Utah can furnish it.

What are the farmers of Idaho going to do for power? They cannot wait 7 years, until a high Federal dam has been built, a dam which will give them very little more than what the dams now being built will supply.

If the high dam should be built, the Idaho Power Co. would be in the Court of Claims, because the company has been upheld by the Supreme Court, by the Federal circuit court of appeals, and by the Federal Power Commission, in their right to a legal, lawful license.

What about the people who will lose by not having power? What about the revenue which the power company will lose if they are stopped now, after having made expenditures in the millions of dollars?

Consider what the Federal Government will lose by way of taxes paid to the Federal Treasury during the 50-year period of the Federal license. Also during the same period, Idaho Power Co. would pay local and State taxes in the State of Idaho totaling $200 million. Those State tax revenues are not included in the Federal summary. That money will be lost if Idaho Power Co. cannot go forward with its three-dam Hells Canyon project.

Federal income taxes that would be paid to the Federal Treasury during the 50-year license period of the private 3-dam project would amount to $282,126,300.

The grand total of all the items I have mentioned is $398,126,300. If we amortize that, as Mr. Rainwater did, on the so-called tax amortization which was deferred, and if we figure it at the same compound interest rate on the $398,126,300, the total, roughly, would come to $2,226,495,452.

I point out that Mr. Rainwater said that if compound interest were used in figuring the benefits which Idaho Power Co. would get, we are entitled, by the same token, to use the same compound interest rate on the benefits Idaho Power Co. would bring to the Federal Government.

If that be done, I say without fear of contradiction from anyone that Idaho Power Co. would be building that project without cost to the Federal Government or the taxpayers of the United States. The balance in that partnership arrangement between the Federal Government, on the one side, and the power company, on the other side, would be overwhelmingly in favor of the private investment company, which would be building the dams. Senators ought to keep that in mind. Senators who have projects in their various States should keep in mind, as well, that it will take $100 million, at least, each year, to get a high Hells Canyon Dam finished in about 7 years. It will cost approximately that amount of money.

The House has appropriated $113 million for reclamation construction in the entire country. That is almost as much as the amount in the pending bill. That means that if the Federal Government now attempts to build a high dam at Hells Canyon and calls upon the taxpayers to build it, all those who need power in that region will have to stand aside while the Government rushes in and contributes at least $100 million a year for construction. That is not fair to us. Washington and Oregon have already received one-fifth of all the reclamation money spent in the United States. They have received one-seventh of all the flood-control money spent in the United States. They have received all that they are entitled to, and a lot more besides. Yet they claim there has been discrimination practiced against them.

I voted for many of their projects. I would vote now for a Federal dam—probably the three-dam program, because I believe it is superior under the circumstances in the Hells Canyon reach of the Snake River—if there were no other means of building it. But as long as there is a means of building the dams and furnishing the power needed, together with some flood control at that point through the resources of private enterprise, then we ought to take advantage of that, because the Federal Government should do for the people only those things which the people cannot do for themselves. It has been demonstrated that private capital can and is doing the job there.

Our own agency—the FPC—has heard all the evidence and has concluded that the private program will bring about faster, more comprehensive development of the river system. The license has been granted. Now it is sought to revoke it on the basis of evidence which was taken in committee, where there were only 2 or 3 Senators present, and probably not 4 or 5 Members of the entire Senate have read the evidence which was taken before the committee. Nevertheless, a bipartisan commission has heard the testimony, has made a careful analysis of it, and has approved a program.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD several statements I have prepared, which I will not have time to deliver.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR A. V. WATKINS

Much of the attention in this debate on S. 555 has centered upon a feature which has never been really germane to this legislative measure. It is the subject of rapid tax amortization, a matter that really belongs in the Finance Committee and not in this floor discussion of a reclamation bill.

There is nothing in the bill relative to rapid tax amortization.

Furthermore, if the bill passes, and the Federal dam is authorized, the private project will be effectively killed, and the rapid tax amortization certificate granted to Idaho Power Co., even though it had not been declined—as it has—would be without effect.

On the other hand, regardless of action on this bill, the problem of what to do about rapid tax amortization and other incentives for defense facilities will remain with us—in other committees and in other legislation.

However, since the proponents for the high Federal dam injected the subject of rapid tax amortization into this debate, I think it entirely appropriate that we delve back into legislative history and review the background of the defense incentive. This should be done in all fairness to Mr. Gordon Gray, of the ODM, and to the Idaho Power Co.

First of all, I think we should review the findings of the Special Committee Investigating the National Defense Program. This committee's report on "Renegotiation," published February 20, 1948, during the second session of the 80th Congress, included this revealing information on profiteering during World War II:

"ACCOMPLISHMENTS

"Mr. John R. Paull, Chairman of the War Contracts Price Adjustment Board during 1947, testified before the committee that based on the latest figures then available, the Price Adjustment Boards had renegotiated more than $190 billion of war business and recovered excessive profits of over $10 billion. As excess-profits taxes would have recovered about $7 million of this amount the actual recovery directly attributable to renegotiation was between 3 and 4 billion dollars. The cost of making this recovery was about $37 million, or slightly over 1 percent of the net amount recovered.

* * * * *

"The average profits allowed contractors from whom recoveries were obtained was approximately 10 percent. For example, in 1943 and 1944, the average profit was 10.7 percent, and in 1945 it was 10.4 percent. This is an average figure made up of a great many individual cases where profits ranged from a very small percent of gross sales to a relatively substantial percent of such sales. It is interesting that the average remained so constant.

* * * * *

"The War Department Price Adjustment Board furnished the committee a study of the renegotiation of companies in the $100,000 to $500,000 bracket under the 1942 act. Of 3,728 cases in this bracket 1,631 or 44 percent were found to have made excessive profits totaling $57,371,000. Even more interesting is a tabulation of a group of 13 companies selected at random, and all in the $100,000 to $500,000 bracket during 1943 and therefore not subject to renegotiation. These companies had average profits of 38.1 percent of gross sales. One company's profits were 91 percent of its $152,880 in gross sales.

"Administrators of the act testified that companies in this bracket could be renegotiated with very few more renegotiators and that the cost of renegotiating them would be very small.

* * * * *

"CERTIFICATES OF NECESSITY

"Certificates of necessity are mentioned in this report on the renegotiation law only because they have been the source of considerable war profiteering. Section 124 of the Internal Revenue Code provided that companies constructing new facilities for war production could under certain conditions obtain a certificate of necessity permitting them to amortize the cost of such facilities over a 5-year period. Furthermore, if the emergency period was declared over prior to the end of the 5-year period, the company could accelerate the amortization over the period up to the date of such a declaration. About 43,500 certificates covering facilities values at $6 billion were issued during the war. Until December 1943, the War and Navy Departments were authorized to issue these certificates and they issued about 39,000. After December 1943,

the War Production Board issued the balance.

"Practically all the certificates issued by the War and Navy Departments were on a 100-percent basis. Thus, a company could amortize the facility's entire cost over the 5-year period or less. However, the War Production Board official responsible for issuing certificates of necessity testified that about 80 percent of the certificates issued by that Board were for only 35 percent of the cost of the facilities. The percentage certificates take into consideration the postwar value of the facility and only allow amortization of the war use of the facility. He testified that in his opinion the cost of the war could have been reduced by $3 billion if the War and Navy Departments had used a similar percentage method.

"Legal profiteering resulted from certificates of necessity. Many companies came out of the war with new, valuable, fully amortized facilities which they could either use or, as some have done, sell. In this way a facility actually paid for out of a contractor's war taxes was additional war profit to him to the extent of its postwar value.

"High-profit war contractors profited even more when they were permitted to accelerate the rate of amortization over the period from the date of the certificate to the date of the declaration ending the war emergency. This period might be any length of time up to 5 years. When a contractor elected to do this his resulting increased annual amortization expense was credited against excessive profits that Price Adjustment Boards may have assessed against him. He would therefore have to refund a lesser amount of excessive profits and would own a fully depreciated and probably valuable facility. For example, the committee found that 20 of the largest oil companies were able to credit amortization in the amount of $59 million against excessive profits determined after renegotiation to be $65 million. These companies had to refund only $6 million and in fact paid for these facilities out of their excessive war profits. It would seem that these results redounded to the financial benefit of the high-profit producer rather than the war contractors who had priced closely and made no excessive profits.

"Serious study should be given to the forulation of a procedure under which war facilities could be financed by private capital to the greatest extent possible and at the same time unreasonable profits prevented. Many administrators of the Renegotiation Act think that the largest unjustifiable war profits were made as a result of the certificate-of-necessity program."

STATEMENT BY SENATOR WATKINS

These excerpts disclose, for one thing, that the average profits allowed contractors who did $190 billion worth of defense business during World War II were approximately 10 percent. In 1943 and 1944, the report states, the average profit was 10.7 percent, and in 1945 it was 10.4 percent. I bring these figures up only to contrast the earnings of 6 percent allowed regulated utilities in both peacetime and wartime.

The report also disclosed that 39,000 out of 43,500 rapid tax amortization certificates issued during World War II were for 100 percent of the cost of the facilities. This contrasts with the more conservative policies pursued under this program after organization of the War Production Board in World War II and under administration of the Defense Production Authority and the Office of Defense Mobilization since 1950.

The report also suggests that 20 of the largest oil companies not only were allowed a profit of at least 10 percent in war contracts, but also were permitted to write off $65 million in amortization credits against excess profits determined after renegotiation.

These points are brought up to suggest that we have had many years of experience with rapid tax amortization and with war profits at a significantly higher rate than 6 percent.

This World War II experience on rapid tax amortization was reviewed in 1951 by Acting Secretary Thomas J. Lynch, in a memorandum to Chairman Burnet R. Maybank, of the Joint Committee on Defense Production and published in Defense Production Act progress report No. 8.

I hereby append this memorandum at this point:

THE SECRETARY OF THE TREASURY,
Washington, April 20, 1951.

Hon. BURNET R. MAYBANK,
Chairman, Joint Committee on Defense Production, United States Senate, Washington, D. C.

MY DEAR SENATOR: I am enclosing a memorandum on the tax effects of the special amortization provisions of the Internal Revenue Code which we prepared in response to your letter of April 5, 1951. Since the several questions raised in your letter are interrelated and concern the question of whether the revenue cost of this program will not be recouped through future taxation of income from fully amortized property, we have organized our reply in the form of a general discussion and have not attempted to answer each question separately.

As you know, this Department has no responsibility for the issuance of necessity certificates but is charged only with responsibility for the proper allowance of amortization deductions with respect to approved certificates. Accordingly, the accompanying memorandum is limited to the tax aspects of this problem.

I hope that the enclosed material will be useful to your committee in its investigations, and that you will feel free to call on us if we can be of any further assistance to you.

Sincerely yours,
THOMAS J. LYNCH,
Acting Secretary of the Treasury.

"TAX EFFECTS OF THE SPECIAL AMORTIZATION PROVISIONS OF THE INTERNAL REVENUE CODE

"As a result of the greatly enlarged requirements for national defense after Korea, the Revenue Act of 1950 reenacted the World War II amortization provisions of section 124 as section 124A of the Internal Revenue Code. While the former provisions of section 124 were modified in several respects, the essential features of the law are similar. In addition, the Renegotiation Act of 1951 requires that amortization be allowed as a cost before recapture of excessive profits.

"Section 124 of the Internal Revenue Code, enacted by the Second Revenue Act of 1940, permitted taxpayers to amortize over a period of 5 years the cost of facilities constructed or acquired in the interest of national defense. Such amortization was authorized by the principal procurement agencies upon the issuance of necessity certificates for construction of new facilities. Any unamortized balance could be written off, at the election of the taxpayer, when the facility ceased to be needed or by September 29, 1945, the end of the emergency period. Section 124A of the Revenue Act of 1950 provides for a similar 5-year writeoff but no provision is made for acceleration of such amortization before the end of this 5-year period.

"A deduction for amortization is in lieu of, not in addition to, normal depreciation charges for the portion of cost eligible for amortization. The adjusted tax basis of fully amortized property is therefore zero or the same as that of fully depreciated property.

"Amortization differs from depreciation in that the total cost written off is unadjusted for residual values. Further, land may be amortized under section 124 of the code, as in the case of section 124; land, of course, is not subject to depreciation for tax purposes, although depletion may be taken on depletable property such as mineral and oil property.

"In the event of a sale of property amortized either under section 124 or section 124A, the new basis of the property for depreciation is the cost of the property to the purchaser regardless of its adjusted basis in the hands of the seller. Thus fully amortized property with a zero basis to the vendor is depreciable by the buyer to the full extent of its purchase price. When there is a tax-free exchange between A and B of property owned by A and amortized under these sections, the adjusted basis of this property carries over to B. For example, A's fully amortized property establishes a zero basis for depreciation to B in such an exchange.

"Under the World War II amortization provisions of section 124, gains from the sale of such property were taxed at the preferential capital gains rate of 25 percent. Gains from the sales of property amortized under section 124A are taxed as ordinary income to the extent of the difference in the adjusted basis as between normal depreciation and 5-year amortization.

"World War II experience

"Legislation

"The purpose of rapid amortization was to remove tax deterrents to the private financing of new plant facilities essential to national defense but whose usefulness to the business might end with the termination of the emergency. Provision for amortization was made at the recommendation of the Advisory Committee of the Council of National Defense which advised that substantial capital would not be invested in the construction of emergency facilities unless corporations were permitted to depreciate such assets in a shorter period than that ordinarily allowed under the tax laws. These deterrents were believed to be particularly significant in conjunction with the profit limitation on Government contracts then imposed by the Vinson-Trammel Act. Rather than adopt the practice followed during World War I of allowing estimated actual wartime losses in value to be written off for tax purposes, the committee urged that the entire cost of wartime facilities be written off over the period of the emergency but not to exceed an arbitrary period of 5 years. The World War I provision, enacted 3 months after the armistice, permitted corporations to recompute their wartime taxes on the basis of the loss in useful value of war-constructed facilities. Such determinations of value were frequently contested and resulted in prolonged litigation.

"As a result of section 124, businesses were able to write off the cost of new facilities against high wartime income and excess-profits tax rates which reached a maximum of 95 percent and an effective rate ceiling of 80 percent before the postwar credit allowance of 10 percent of excess-profits taxes paid. In addition, it should be noted, price-adjustment boards were required to allow such amortization deductions in the determination of excessive profits upon renegotiation. Amortization costs were at first expressly disallowed for this purpose but the law was subsequently amended by a joint resolution of February 5, 1942, to permit such costs to be recovered by corporations in renegotiation of contracts.

"Total Amortization Deductions

"It is estimated that between 1940 and 1947 amortization deduction in the amount of $5.7 billion were taken by corporations for tax purposes. Of this amount $1.4 billion represents amortization estimated to be taken in 1945, with the termination of

the emergency period, and spread back to the applicable years by amended income-tax returns. The total and annual amounts before adjustment for spread back were as follows:

	*Millions
"1940	$7.6
1941	113.8
1942	410.8
1943	690.5
1944	981.2
1945	1,950.8
1946	64.5
1947	58.9
Spreadback (estimated)	1,411.8
Total	5,689.9

"The discrepancy between the amount of amortization deducted by corporations for tax purposes and the total amount of certificates issued of $7.3 billion may arise from failure to complete facilities costing this amount as well as from failure of corporations to elect to take amortization in all cases. The total actually taken by corporations is not completely recorded in statistics of income which are computed from original tax returns, while the speedup in amortization taken at the end of the emergency period was allocated by taxpayers to prior years through amended income-tax returns. The estimate of the spreadback of $1,411.8 million is subject to some margin of error. No data are available on the amount of amortization taken by unincorporated businesses.

"During World War II amortization appears to have been of greatest benefit to large corporations. In 1945, for example, corporations with assets over $100 million accounted for $1,297 million, or about two-thirds of the total amortization reported for that year. This contrasts with their ownership of about one-half the gross capital assets and of about one-third of the reported profits of all corporations.

"Usefulness of Emergency Plants After the War

"Although amortization was originally designed to encourage private financing of wartime facilities which might have only limited, if any, postwar usefulness, it is believed that the great majority of these plants were continued in peacetime production. Some, in fact, saw little or no wartime use, but nonetheless could be written off for tax purposes in the last year of the emergency.

"The high proportion of wartime emergency plants retained in postwar production can be explained by the fact that tax amortization, in itself, did not permit corporations to recoup the entire cost of such facilities since tax rates were less than 100 percent. Where the value of such facilities was clearly limited to wartime production there was little inducement to undertake their private financing. Some corporations were reimbursed for the cost of emergency plants through procurement contracts and allowance for amortization in the recapture of excessive profits renegotiated. For the most part, however, the Federal Government undertook the financing of facilities which were of questionable postwar value.

"The Treasury has field reports on a considerable number of corporations which retained practically all their amortized property in postwar use. These corporations accounted for approximately $700 million of amortization taken during the years 1940–45, on which estimated wartime tax savings were realized of $440 million, after allowance for ordinary depreciation.

"The following pertinent data are presented on several representative cases:

"Case 1: A corporation acquired emergency facilities at a cost of $4.8 million and fully amortized them in the period ended September 30, 1945. These facilities represented approximately one-third of taxpayer's total plant and equipment as of December 31, 1948. Only $130,000 of the emergency facilities had been disposed of since 1945; the remainder were being used in the business. For book purposes, the taxpayer had computed normal depreciation on the emergency facilities and had accumulated a reserve of $1.3 million against them by December 31, 1948. The excess of amortization over normal depreciation in the war years was approximately $3.3 million, resulting in a gross tax saving of approximately $2.8 million. On December 31, 1948, these facilities were carried on the taxpayer's books at a depreciated value of $3.3 million.

"Case 2: The taxpayer, an electric power company, constructed a generating unit at a total cost of $8.2 million. The project was fully amortized in 1944 and 1945. It is still in use, and taxpayer has added another unit since the war. In 1944 and 1945 the excess of amortization over normal depreciation (at 3.5 percent per year) was $7.8 million, resulting in a gross tax saving of approximately $6.7 million.

"Case 3: In the years 1940–45 a large manufacturing company acquired $29.1 million of land and buildings under a certificate of necessity. These outlays were fully amortized against income of the period 1940–45. In 1950 the buildings were still being used in normal peacetime operations. The normal depreciation allowance on buildings of this type would have been 2.5 percent a year, and would have totaled $2.4 million in 1940–45. The excess of rapid amortization over normal depreciation was $26.7 million, which reduced the company's wartime tax liabilities by approximately $18.4 million.

"Case 4: A cotton mill acquired regular textile equipment under certificates of necessity. This equipment is still being used in peacetime operations. The normal depreciation rate on this type of equipment is 4 percent a year. In the taxpayer's fiscal years 1944–46 amortization allowed was $115,000, compared with normal depreciation of $11,000. The excess of amortization over normal depreciation in these 3 years was, therefore, $104,000 and the estimated tax saving was approximately $89,000.

"All of these facilities are believed to be operated by the same taxpayer which received the benefits of accelerated amortization. While many emergency facilities were subsequently sold, the Treasury has no evidence of the extent to which such sales took place.

"Tax benefits to business

"Avoidance of High Emergency Tax Rates

"As a result of amortization, corporations (and other businesses) have the benefit of writing off the cost of facilities acquired at high income and excess-profits tax rates enacted during the emergency period and, where such property continues to have usefulness, of deferring taxable income to the postemergency period when tax rates are expected to be lower. Since the depreciable basis of property is then reduced to zero, taxable income in future years is higher than it might have been under ordinary depreciation. Direct tax benefits may, therefore, be realized by the difference in tax rates during the period of amortization and those in effect after the 5-year period to which such income is deferred.

"The gross tax saving indicated above must, therefore, be reduced by the amount of future taxes payable over the depreciable life of the fully amortized property. However, possible tax reductions after the end of the emergency period should be taken into account in estimating net tax savings, as occurred following World War II when the excess-profits tax was repealed and the income-tax rate reduced to 38 percent for the years 1946–49. Corporations thus had the benefit of writing off their 'emergency' facilities at a maximum excess-profits tax rate of 95 percent (less 10 percent postwar credit) and sacrificed depreciation deductions at a rate of 38 percent in the postwar years. Subsequent rate increases have narrowed this disparity, but a substantial rate differential still remains. The likelihood that special amortization will result in permanent tax saving is enhanced by the probability that corporations would not continue to be subject to excess-profits tax in every year following the period of special amortization, even if this tax were retained.

"It is also significant that amortization allowances are more comprehensive and complete than those for ordinary depreciation. No recognition is given to residual value in computing depreciation, whereas the percentage allowed as amortization applies to the full cost of the facilities. Also, land may be amortized but is not subject to depreciation.

"Prospective tax benefits from amortization for new investment during the present period are not significantly different from those during World War II. At the present time, corporations are subject to a maximum income tax rate of 47 percent. Corporations subject to the excess profits tax must pay an additional tax of 30 percent on such excess profits, but not to exceed a combined effective income and excess profits tax rate of 62 percent on net income. The maximum marginal tax rate payable is therefore 77 percent. The Treasury Department has proposed increasing the corporation income tax rate to a maximum of 55 percent, which would raise the top marginal income and excess profits tax rate to 85 percent, and the combined ceiling rate to 70 percent.

"The gross tax savings for each million dollars of new amortizable investment with a depreciable life of 40 years, at the above tax rates, for the 5-year amortization period are shown as follows:

	Amount	Percent
"Present rates:		
47 percent	$411,250	41.1
77 percent	673,750	67.4
62 percent	542,500	54.3
Proposed rates:		
55 percent	481,250	48.1
85 percent	743,750	74.4
70 percent	612,500	61.3

"The operation of the tax benefit may be illustrated as follows: A facility costing $1 million, with an ordinary life of 40 years, is entitled to annual amortization of $200,000 under the accelerated program, compared with ordinary depreciation of $25,000; the excess of $175,000 at a rate of 77 percent amounts to an annual saving of $134,750, or 13.5 percent a year. The total tax saving over the 5-year period amounts to $673,750 or 67.4 percent of the investment.

"Financial Benefits of Tax Postponement

"It is frequently overlooked that rapid amortization affords substantial benefits to taxpayers in the postponement of gross tax savings indicated above. That is, the taxpayer has the benefit of the use of tax funds which in the absence of special amortization he would have paid to the Treasury. In effect, he has an interest-free loan from the Government for the useful life of the assets. Such benefits are in addition to direct tax savings which might be realized by reductions in tax rates after the emergency period. Therefore, even if tax rates remain indefinitely at their present levels, corporations would realize definite and predictable advantages in the postponement of taxes attributable to amortization.

"The benefits from tax postponement vary with the gross amount of tax savings realized in the 5-year amortization period, the length of time over which depreciation would

ordinarily be taken, and the cost of capital to the corporation. If, for example, necessity certificates in the amount of $10 million were issued for the construction of plant and equipment with an average depreciable life of 20 years and were amortized under income- and excess-profits tax rates of 77 percent, the gross tax savings would amount to $6,737,500. By postponing the payment of taxes over the 20-year period, a corporation having the use of such funds at an assumed rate of 5 percent would enjoy a benefit worth about $1,860,000. At an income- and excess-profits tax rate of 85 percent, the tax deferment value of such benefit would amount to about $2,056,000.

"The value of tax postponement to a corporation with depreciable assets of 40 years would be considerably greater. Assuming an alternative cost of financing $10 million capital additions at 5 percent, the value of the use of such tax funds to a corporation would be about $3,350,000, at a tax rate of 77 percent, and about $3,700,000 at a tax rate of 85 percent.

"Cost to the Government

"As a result of amortization, the Government incurs a revenue loss which reflects the value of this privilege to industry. It is not possible to forecast the aggregate amount of necessity certificates which will be awarded, the percentage of amortization which will be allowed, or the trend of future tax rates. However, on the basis of the $3.9 billion necessity certificates already granted (by March 23, 1951) on which $2.8 billion amortization was allowed, it is estimated that the decrease in income and excess-profits tax liabilities during the next 5-year period would be $1,550 million, at the present corporation rates. If the rates proposed in the 1951 tax program are enacted, the immediate loss in revenue is estimated at $1,700 million. Future authorizations will of course increase this revenue loss correspondingly.

"Because of the uncertainty over future tax rates, it is not possible to calculate the ultimate loss to the Treasury arising from amortization deductions. In addition to any ultimate net revenue loss, the cost of the special amortization program from the viewpoint of the Government includes the interest on the tax revenue which would have been received in the absence of amortization. The cost to the Treasury of such postponements is measured by the average interest cost of Treasury financing for the average length of life of the amortized assets."

STATEMENT BY SENATOR WATKINS

It will be recalled that some have objected to the rapid tax amortization granted to Idaho Power Co. on the grounds that the facilities did not have a 5-year life for exclusive defense purposes. Therefore, I wish to underscore Secretary Lynch's estimate of the program pursued during World War II:

"Although amortization was originally designed to encourage private financing of wartime facilities which might have only limited, if any, postwar usefulness, it is believed that the great majority of these plants were continued in peacetime production. Some, in fact, saw little or no wartime use, but nonetheless could be written off for tax purposes in the last year of the emergency (when $1,950 billion worth of facilities were written off in one big year).

"The high proportion of wartime emergency plants retained in postwar production can be explained by the fact that tax amortization, in itself, did not permit corporations to recoup the entire cost of such facilities since tax rates were less than 100 percent. Where the value of such facilities was clearly limited to wartime production there was little inducement to undertake their private financing. Some corporations were reimbursed for the cost of emergency plants through procurement contracts and allowance for amortization in the recapture of excessive profits renegotiated. For the most part, however, the Federal Government undertook the financing of facilities which were of questionable postwar value."

If I might interject, I would like to suggest that the Federal Government also took a heavy financial beating on the billions invested in those wartime defense plants. In fact, the extreme losses under the Federal-built facility program contributed to post-War II enthusiasm for private financing under the rapid tax amortization incentive.

It is also significant that a report was made by this Treasury official on the tax effects of the rapid tax amortization program. He reported that by March 23, 1951, amortization of $2.8 billion had been granted on certificates issued. On the basis of the proposed 1951 tax rates, Mr. Lynch estimated, this would cost the Federal Government a total of $1.7 billions.

Now I trust that the Senate will note that this report was made to the joint committee on April 20, 1951. Inasmuch as no changes were made in the tax structure, I think it safe to assume that the Congress felt that this concession was justified by the defense considerations and by the disillusioning experience of Government-built war plants during Wars I and II.

Furthermore, inasmuch as this 1950 legislation has not been changed until this day, I think it can be safe to assume that until the law is modified, the Congress still stands behind its policy of granting rapid tax amortization for defense facilities. In fact, I believe that Senator BYRD's bill, which I expect to support, does not repeal rapid tax amortization; it merely narrows the definition of the qualifications for such assistance.

The verdict of the Nation's chief defense official on the value of rapid tax amortization was expressed to the joint committee in a statement made by DPA Administrator William H. Harrison in an appearance as a witness in April of 1951. I hereby submit the Harrison statement as carried in the Defense Production Act Progress Report No. 8.

"The CHAIRMAN. Senator Brewster, in the 80th Congress, took over the committe that Senator Truman and Senator Mead had carried on during the last war. He made a rather scathing attack as to what had been done in the last war. I am not going to read it. It is a public record, and I guess most people are familiar with it.

"Anyhow, I am going to ask that this be made a part of the record.

"For instance, he says: 'Practically all the certificates issued by the War and Navy Departments were on a 100-percent basis.'

"Well, I am glad to note that the certificates of necessity you gentlemen have issued so far this time are far better than that because some of them only run 20 percent and very few run 100 percent. But this is what happened last time.

"Then he goes on and says:

"'Legal profiteering resulted from certificates of necessity. Many companies came out of the war with new, valuable, fully amortized facilities which they could either use or, as some have done, sell.'

"Then he goes into this long report that Senator Brewster filed on April 28, 1948. I guess you gentlemen are familiar with it. If not, it is worth reading, because that is just what we do not want to happen again: to have a report here 2 or 3 years from now showing that these big business corporations profited unduly from tax amortization—and we have got nothing against big business here; they deserve it. Senator Brewster ends up that it is his opinion that the cost of the war could have been reduced $3 billion if the War and Navy Departments had used a similar percentage method.

"I understand, and I want to say the good with the bad; that this time you gentlemen have not gone into this 100-percent amortization except in a few isolated cases.

"On the other hand, you have sent me the list up to March 16 showing that the little-business man of the small-business man, as far as I can see, is still sort of out in the cold. You have a lot of applications pending.

"How many more, Mr. Harrison, have you gotten that you have not certified? You had $7.5 billion last time.

"Mr. HARRISON. I would guess, Senator, that they are in terms of around a value of eleven-odd-billion dollars and probably six-thousand-odd requests.

"The CHAIRMAN. Six thousand requests for around 11 billion?

"Mr. HARRISON. Yes.

"(Mr. Harrison's prepared statement, by direction of the committee, follows:)

"'STATEMENT OF WILLIAM H. HARRISON, ADMINISTRATOR, DEFENSE PRODUCTION ADMINISTRATION

"'Mr. Chairman and members of the committee, it is my understanding you wish me to discuss the broad matter of emergency tax amortization, and I welcome the opportunity to do so.

"'Sound administration of the functions of the Defense Production Act is of tremendous importance, for the Congress has granted wide administrative authority. With particular reference to emergency tax amortization, under section 124A of the Internal Revenue Code, wise and courageous use of this authority can be of far-reaching value in accomplishing the objectives of the Defense Production Act; and similarly, because of the tax benefits to the recipients, there must be clear justification for the certifications thus made.

"'This was recognized at the outset, and in October of 1950 administrative regulations covering this matter were issued by the Chairman of the National Security Resources Board, and approved by the President. Later, with the establishment of the Office of Defense Mobilization and its subordinate agency, the Defense Production Administration, further clarifying administrative policies were established. Your committee has copies of these regulations.

"'I personally have been associated with the administration of this important matter since its inception; first, in the National Production Authority, and more recently in the Defense Production Administration. I am mindful of the meticulous care which is required in the administration of this statutory authority. There must be balanced on the one hand the pressing need for expansion of resources and of certain special facilities, and on the other there must be scrupulous regard that no tax advantage be granted other than that intended by this statute.

"'Fundamentally, the election to accelerate the amortization of defense facilities is granted a taxpayer by the statute, and our job as certifying authority is to carry out the Congressional mandate to determine as a matter of fact, on the basis of our best judgment, whether a particular facility is necessary for defense, and, if so, what proportion of the investment thereof is entitled to enjoy accelerated depreciation. Once we have answered that question, the machinery of the law takes over and the consequences follow automatically.

"'My opinion of the virtues or failings of the statutory scheme cannot alter the job the Congress and the President have given us to do. I must say, however, that I am convinced emergency amortization is one of the soundest instrumentalities of government to encourage expansion of industrial strength for national security. In this I assume, of course, there will continue to be careful and well-balanced administration of these operations, and our organization and procedures are being constantly strengthened to attain this end.

" 'The defense production effort in which we are engaged has been described many times; by the Congress as in the opening paragraphs of the Defense Production Act, by the President as in the Economic Report of January 12, and by the Director of Defense Mobilization as in his first report on mobilization of April 1.

" 'Without exception, to my knowledge, that production effort has been described as consisting of two major parts: First, a rapid increase in our current armed strength, planes, tanks, weapons, combat vessels, and all the rest of the modern arsenal; and, second, an expansion of our capacity to maintain a strong economy, to retard inflation, and to be ready to produce armament in a quantity and at a speed that would deter or overwhelm an aggressor.

" 'Many devices are available to increase the production of military end items. Armament procurement is supported by preference ratings, by limitations on nonessential uses of materials and facilities, by conversion of peacetime industry to war work. For the short run, the explosive effort, these methods are adeqaute. But we must be prepared for quick mobilization at any time over a period of years—we must have in being the machinery for war production while production for peace continues.

" 'Emergency controls channel and direct an industrial vitality that is built upon normal commerce and trade. Too long continued, those controls would weaken our economy, nourish ruinous inflation, and reduce our war-making potential.

" 'From the experience of 2 world wars, we have learned 2 outstandingly effective ways to increase basic capacity for production. One is Government construction; the other is accelerated amortization for tax purposes.

" 'Although both methods were used to secure needed expansion in World War II—the dollar outlay for Government plants was more than twice the amount of expansion certified for tax purposes.

" 'In the present situation, it is my opinion that in most cases privately financed expansion of resources or facilities which are indicated to have postemergency use is preferable to the construction of Government plants. On the other hand, there likely will be instances where Government-built plants represent the sound procedure; and in the revision of the Defense Production Act, authority is being requested for this purpose.

" 'Emergency amortization operates to encourage expansion by permitting concentration of depreciation allowances in the first few years after construction or acquisition of the facility. In effect, it allows the taxpayer to postpone a part of his taxes for 5 years. And there is always the possibility of further tax gains in that taxes may be lower when the 5 years are up.

" 'It is not alone in the promise of a possible net gain in taxes that encouragement to expansion lies. Emergency amortization helps the taxpayer to finance expansion by telescoping much of the process of capital adjustment into the years immediately ahead, when the chances for high income and full use of the new facility seem good.

" 'From the Government's standpoint, there is put at risk a part of the cost of the facility in terms of taxes postponed, and there is the indicated immediate loss of tax revenue. Whether the ultimate revenue will be less or greater for the postponement cannot be known. But neither is there any certainty in the recovery of Government investment in its own plants.

" 'In no case where the expanded facility is anticipated to have post-emergency utility should the accelerated depreciation be recognized as an item of cost in the pricing of Government contracts. To do this would be contrary to public interest.

" 'Applications totaling roughly $16 billion have been received with request for certification. Approximately $4.6 billion has been certified at an average of 70 percent. Normal depreciation allowance would have averaged between 20 and 25 percent. So we have authorized the concentration of about $2.4 billion in capital-asset depreciation into the next 5 years, which would normally be spread over 20 years or more.

" 'In return there is substantial present expansion in the production of iron and steel, and of aluminum. Basic chemicals will be available in larger quantities; our rail transportation system will be strengthened. And, not least, our capacity for the production of weapons is being greatly enlarged.

" 'I make no claim the certifications are precise and subject to a formula test. Rather, they are based in large measure on factors of judgment in evaluating the necessity and the risks involved. We have a limited but well-qualified staff, and against the background of existing conditions, I feel we are administering the statute to insure the end result the Congress sought, and with meticulous regard for the public interest.

" 'It should be pointed out that the 70-percent figure thus far authorized does not represent a cross-section treatment of the entire file of pending applications now totaling over $11 billion. Many of the most urgently needed expansions have been processed, and the bulk of the remainder will likely fall into a category of cases receiving lower depreciation benefits.

" 'In my judgment, the accelerated depreciation granted is a sound investment for the Nation; I think the Congress was very far sighted when it made this grant of administrative authority. There will result a far stronger America, a more nearly self-sufficient Free World, a greater readiness to combat and defeat both aggression and inflation in the years to come.

" 'To facilitate your consideration of the types of expansion thus far approved, the attached table will be of interest. A tabulation of the application received as of March 16, the applications granted and those denied as of March 23, has been made available to your committee.' "

It will be noted that in this statement, DPA Chief Harrison said flatly: "In my judgment, the accelerated depreciation granted is a sound investment for the Nation; I think the Congress was very far-sighted when it made this grant of administrative authority. There will result a far stronger America, a more nearly self-sufficient Free World, a greater readiness to combat and defeat both aggression and inflation in the years to come."

STATEMENT BY SENATOR WATKINS

I shall not take time to comment on other excerpted material presented in this review, but it is assembled here as a record for those who want to look at some of the hitherto-ignored background of this incentive for defense expansion.

And, I might add that this is still a defense period we are in, based upon expenditures for goods and services in the interests of national security since 1950:

1950	$21,400,000,000
1951	38,600,000,000
1952	50,400,000.000
1953	54,500,000,000
1954	44,900,000,000
1955	40,800,000,000

I append at this point other material from Governmental reports on defense production since 1950:

"ACCELERATED TAX AMORTIZATION

"One of the strongest instruments Congress has provided to encourage the expansion of our industrial capacity, is the accelerated tax-amortization authority in section 124–A of the Internal Revenue Code.

"The far-reaching effect of this authority in accomplishing the objectives of the Defense Production Act was recognized as early as October 1950 when regulations were issued by the Chairman of the National Security Resources Board and approved by the President. Later, when DPA was established, the administrative responsibility for processing the certificates of necessity was transferred to this agency.

"Accelerated amortization operates to encourage expansion by permitting concentration of depreciation allowances in the first few years after construction or acquisition of the facility. It is designed also to help the taxpayer to finance expansion by telescoping much of the process of capital adjustment into the years immediately ahead when the chances for high income and full use of the new facilities seem good.

"Prior to passage of section 124–A of the Internal Revenue Code, the period permitted for depreciation of new facilities by the Bureau of Internal Revenue varied up to 25 years depending on the normal life expectancy of the facility. Under the statute, this period may be shortened to 5 years for such portion of the new investment as DPA may determine.

"The percentage authorized for amortization depends primarily on the need for increased productive capacity in the industry to meet defense needs. Other factors taken into consideration are the type of facility, the probable usefulness of the plant for other than defense purposes after the emergency, and the degree of financial aid deemed necessary to encourage the expansion. In the case of machine tools the percentage varies from 50 to 85 percent with an average of 70 percent for all cases approved to date. The industry has never felt this percentage adequate. It has repeatedly requested 100 percent amortization on the premise that no machine-tool builder needs to expand his present plant to handle the business he will have when the defense program is terminated.

"In view of their general situation, a tax amortization plan was the type of financial aid the machine-tool builders needed from the Goverment if they were going to expand their production. As early as November 1950 tool builders began to send their applications to Washington. The machinery had not been set up to properly review and handle applications and naturally they began to pile up. Even the claimant agencies, who are the point of first reference, were not staffed with personnel properly trained to review and pass judgment as to whether 'a particular facility was necessary for defense, and if so, what percentage of the investment thereof was entitled to accelerated depreciation.'

* * * * *

"CONCLUSIONS

"Three main problems dominate the field in considering the adequacy of the electric-power supply:

"1. Widespread difficulties are being encounterd in having allocation tickets honored.

"2. Because of differences of opinion concerning the size of the expansion program required in this field, doubts are expressed by some as to whether sufficient allocations of materials are being made for increasing electric-power-production capacity.

"3. Coupled with the fact that manufacturing capacity for large steam-turbine generators appears to be completely booked through 1953, every day lost in adequate planning now because of lack of appreciation of lead time as a factor means that for a large portion of the electric industry no net gain in productive capacity can be realized

until 1954. The lost day cannot be effectively made up until that time. Before then, a new order for such turbines could merely displace another already on the order boards with no net gain in productive capacity. There is no magic wand which can cure this situation. It behooves officials in charge of planning and carrying out the electric-power program to give adequate recognition to lead time and the danger of delay. As shown elsewhere in this report, the usual time required to translate a decision to increase power-production capacity into a physical plant capable of that production varies from 3 to 5 years for a hydroelectric plant. It takes 3 years for a steam plant to be completed.

"Have you ever stepped on the starter of an automobile on a cold morning and been unable to start the motor because of battery failure? You have an investment of between $2,000 and $3,000 unable to function because of lack of electric power from a battery representing a cost of about 1 percent of the investment. For your purposes at that moment the automobile is useless and so is the entire investment it represents. The same analogy applies to a defense plant lacking the electric power to make it operate.

"Unfortunately, the difficulties of this problem are compounded because, while you can normally replace your automobile battery from any auto-parts supplier's stock, it takes from 3 to 5 years to build electric-power systems for some defense plants, even without considering further delays caused by lack of materials under an allocation economy.

"If this study does nothing more than instill in all who control its programing an understanding of the importance of lead time in the electric-power industry, it will have served a useful purpose.

"Other problems have also arisen to harass those trying to provide adequate electric power to turn the wheels of America's industries.

"An electric powerplant is not like the old automobiles which reputedly would run even without all the component parts with which they were originally equipped. A steam plant needs a boiler and a boiler needs a fan. Yet a fan is a B product in our present system of allocations and may not receive the same preferred treatment as a boiler when it comes to allocations. It is important that in the administration of the allocations system, adequate measures be taken to assure that the fan will be available when needed so that the boiler may be incorporated in the steam plant on schedule and the plant in turn may be ready to supply the energy to produce defense items on time. It is urgent that the 'kingdom' not be lost 'for want of a horseshoe nail.'

* * * * *

"'ELECTRIC POWER ADVISORY COMMITTEE

"'Recently DPA Administrator Fleischmann appointed an Electric Power Advisory Committee to make recommendations to him in regard to the size of an electric power-expansion program which will serve adequately the country's needs for both defense and civilian purposes.

"'As a groundwork for its recommendations the Committee has requested the Defense Electric Power Administration to collate the latest and best possible information in regard to electric power requirements and supply from everyone who is concerned with the supply or demand for electric power and energy. The Committee has requested the assistance of DEPA in obtaining from utilities their estimates of power and supply in the geographical areas in which they operate and has requested DEPA to obtain from the Defense Production Administration and National Production Authority their estimates as to the requirements of the defense program and supporting programs and civilian needs.

"'After it has available the best possible information in regard to requirements and supply needs, the Electric Power Advisory Committee will make recommendations to Mr. Fleischmann as to what it thinks the power program should be. It will, to the best of its ability, evaluate for him risks which might be taken if power is not provided for every need and purpose. The Committee's function is to prepare information for him and assist him in making a decision.

"'The decision as to the carrying out of the program, its size, and its timing, is, of course, the responsibility of Administrator Fleischmann.

"'2. ELECTRIC POWER FOR ALUMINUM

"'Aluminum requires large amounts of electric energy—approximately 9 to 10 kilowatt-hours per pound. Some of the older plants are of varying sizes and are somewhat less efficient than modern ones. They may require between 11 and 12 kilowatt-hours per pound.

"'The electric energy used in making aluminum is one of the largest two items in the production cost of the metal; and, as a general statement, production plants are located wherever electric energy can be purchased at the lowest prices. It makes little difference as to the source of the energy—it can be from hydroelectric plants, steam-driven generating plants or internal-combustion-engine-driven generating plants—the important factor being the cost per kilowatt-hour of the energy.

"'Early production of aluminum in this country was at Niagara Falls, N. Y., Massena, N. Y., and Badin, N. C.—these plants getting their energy from hydroelectric sources. There was little change in this pattern until 1941 when, because additional low-priced power was not available, one producer turned to the gas fields of the Southwest as a source of cheap energy and built a plant which receives its power from both steam-driven and internal - combustion - engine - driven units. Both generating plants use gas as a source of fuel, and the cost of energy on the bus is approximately 3 mills or less per kilowatt-hour.

"'At this same time, in 1941, additional aluminum-reduction plants were built in the Pacific Northwest because it was possible to obtain a limited supply of hydroelectric energy there at a price of about 2 mills per kilowatt-hour. An additional plant was built at Massena, N. Y., near the one in existence; but, as no more low-priced hydroelectric energy was available, it was necessary to gather up steam energy from sources in the area and transmit it to Taylorsville, N. Y., to Massena over a new line built by the Corps of Engineers.

"'As no more low-priced hydroelectric power was available in the country, plants were built wherever the amounts of power needed could be obtained; and, as these were located in areas where power was produced from steam-driven sources, it was necessary to pay a higher price for the energy. A plant built at Maspeth, N. Y., obtained energy at the rate of 6.6 mills per kilowatt-hour. The plants at Riverbank and Los Angeles, Calif., paid about 4.9 mills and 6.2 mills, respectively, per kilowatt-hour, and another plant at Burlington, N. J., bought at 6 mills per kilowatt-hour. After the war, all these plants were shut down, as it was not possible for them to compete economically with plants getting power for 2 to 3 mills.

"'After World War II the Aluminum Company of America built a plant at Port Lavaca, Tex., using internal-combustion engines and this is the first case of a primary producer following such a course in peacetime and without the compulsion of wartime production. Other primary producers are also locating plants in the Southwest turning to gas-fired plants as a source of cheap energy. Some new reduction facilities are being installed in the Pacific Northwest, but at present, the amount of low-cost power available there is somewhat limited.

"'The present price of aluminum is dependent on the availability of electric energy at about 3 mills per kilowatt-hour. The producers say that anything above this would necessitate a price increase. Aluminum's competitive position at present is excellent, with the copper supply being more or less limited, and with the greatly increased demand for aluminum for use in many fields, its prospects are very bright.

"'Finally, price is the primary consideration when purchasing electric energy for use in making aluminum. The producers do not care what the source of the fuel is—hydro, coal, gas, lignite, oil, or anything else. Their need is for large amounts of electric energy at the lowest possible prices and they will locate reduction plants wherever they find the combination of large, adequate supplies of energy at low prices.'

* * * * *

"The American Public Power Association endorsed the December 6, 1951, statement of Administrator Fairman of DEPA warning of the danger of a power shortage. Stating that its member systems throughout the country, consisting primarily of municipally owned systems, are actively engaged in programs to increase their power supply, the association concluded:

"'In view of this situation, our recommendations to your committee are threefold:

"'1. Because of the vital defense-supporting nature of the electric power industry, we respectfully request that your committee urge the Defense Production Administration to give full support to the Defense Electric Power Administration's power program by making available to the electric industry critical materials in amounts sufficient to carry forward the DEPA power program without further slippage.

"'2. Because of the considerable lead time which is required in the construction of hydroelectric projects, we urge that the Congress give continuing consideration to the orderly development of our Nation's hydroelectric resources, so that the economically feasible projects may be brought into production at the earliest practicable time. Such renewable resources should be harnessed with the least possible delay.

"'3. We note with considerable regret, through press reports, that at least one State regulatory commission has injected the private versus public power issue in its comments to your committee. At a time when power supplies from all sources are urgently needed for our national security, we believe such an action by a State regulatory commission or any other group is untimely and reprehensible. Neither public nor private power groups should attempt to block the efforts of the other during this emergency period. We believe that support should be given to the private power companies wherever necessary, and at the same time we strongly advocate that these companies abandon their fight on the public systems during this national emergency, so that both public and private systems can make the maximum contribution to our mobilization program. Such a policy, we believe, is clearly in the national interest.'

"Because it was the only organization replying from the standpoint of rural needs for electric power, there is included at this point the comments of the National Rural Electric Cooperative Association made on its behalf by its executive manager, Mr. Clyde T. Ellis. The association notes that 863 systems are members of this service organization of the rural electric systems of the United States, and that it has a consumer membership of

approximately 3 million farm families in 42 States and Alaska.

"Mr. Ellis stated:

" 'The farmers of America have been asked to produce more food and fiber than ever before in history. Tremendous quantities of these raw materials are needed to feed and clothe the Armed Forces and civilian populations of nearly every nation fighting against totalitarian aggression. These agricultural production goals must be achieved despite the fact that farm labor is being siphoned into more lucrative industrial jobs and into the Armed Forces. This manpower loss must be compensated for by more intensified use of machinery on the farm. The term "farm machinery" no longer denotes a gasoline tractor and its associated apparatus, but includes a myriad of electrically driven equipment. Such items as barn cleaners, silage elevators, feed grinders and dryers, milking machines, water pumps, and automatic brooders are examples of electrically driven laborsaving machinery used on the farm. If this machinery is to prove really productive, it must be employed on a large scale, operate efficiently, and be available when needed. An adequate source of reliable electric power must be available at all times.

" 'Some 2½ million farms in the United States receive central station electric service from rural electric cooperatives and power districts, local autonomous farmer-owned electric distribution systems financed on a self-liquidation basis by the Rural Electrification Administration. Last year (1950), these cooperatives purchased 7½ billion kilowatt-hours of energy at wholesale for distribution to farms and other rural establishments, some 4 billion of which they bought from commercial power companies. At the present time, the cooperative loads are doubling every 5 years and would increase even more rapidly were abundant wholesale energy available. Thus, by 1960, if present trends continue, the cooperatives may require 30 billion kilowatt-hours for their consumers. Of this amount, about 16 billion kilowatt-hours will be required of the power companies compared with 4 billion kilowatt-hours purchased from such companies last year. The experience of the cooperatives indicates that many of these companies may not be in a position to meet this increased load. Such inability will be manifest in poor voltage regulation at cooperative substations, excessive periods of outage, limited transmission-line capacity, and rate structures that discriminate against large farm loads.

" 'Last year, while the power companies were appearing before committees of the Congress, reiterating with the aid of elaborate charts and graphs the fact that they were willing and able to serve all loads, 19 percent of the rural electric distribution systems were already handicapped by an existing shortage of wholesale power. Twenty-one percent of the systems had insufficient power to meet anticipated load growth. These figures are not guesses. They are results tabulated from an annual survey conducted by the rural electric cooperatives of the country through their national association.

" 'The electric power shortage is an old story to leaders of rural electric systems. Wherever and whenever these leaders have met during the past 5 years, they have spoken of their increasing demands for electric service and methods of meeting these demands from the meager sources of energy made available to them. Time and time again they have called to attention of the Congress and the public existing and threatening power shortages in many parts of the country. But in almost every instance, our efforts to point out weaknesses in the electric power reserves of the country were met by loud denunciations from the power companies. The power shortage which farsighted men have been predicting for years is no longer problematical. It is with us in the form of interruptions to aluminum production as well as the inability of industry to locate any applicable block of power anywhere in the United States for expansion purposes, defense, or otherwise. The elaborate plans of proposed generation plants and the multicolored maps of planned transmission systems which have so frequently decorated Congressional hearing rooms are doing little to turn the wheels of new industry.

" 'DEPA Administrator James F. Fairman recently stated that: "Present estimates indicate that by the end of 1952, total capacity requirements will be in the neighborhood of 85 million kilowatts. The generating capacity, if the whole 1952 program is achieved will be slightly less than 85 million kilowatts. Thus, failure for the third successive year to increase the margin between supply and demand means that during 1952 we can expect greater areas in which the power supply will be precarious." Mr. Fairman is a power company official.

" 'Thus, assuming that every bit of new capacity scheduled for delivery in 1952 is installed, the electric capacity of the Nation will fall further behind. What is even worse, a national survey conducted by the electric power industry indicates that although some 10 million kilowatts of capacity are scheduled for delivery in 1952, from 2 to 4 million kilowatts of this capacity will not be available because of material shortages. Therefore, generation capacity may fall an additional 4 or 5 million kilowatts behind anticipated demand.

" 'This is a dangerous situation, a situation which can mean nothing but greater curtailments in the industrial and agricultural expansion needed to meet emergency production goals.

" 'No other major American industry is growing anything like as fast as the electric power industry. Demands are and have long been growing so fast that it must double the capacity of its entire plant facility every 10 years. The rate of increase now requires a 100-percent increase every 7½ years. The loads of the rural electric systems are growing even faster. They are doubling every 5 years.

" 'Despite the fact that rural electric coperatives have, to an increasing degree, been hard pressed to obtain sufficient wholesale energy during the last few years, power company spokesmen were stating as late as July of 1950 that the industry stood ready to meet all electric requirements in the country. One particular industry spokesman stated, "We are in an enviable position to meet power demands, not only for an enlarged defense program but to continue civilian production at a high rate."

" 'Early in the Korean war, the same people predicted that the Government would use the war as excuse to impose controls on the industry and to increase Government production in the power business. Not until the war was well underway did the companies realize how badly they had underestimated the country's need for electricity. They then poured a torrent of frenzied orders for new equipment onto overloaded manufacturers. Predictions of large reserves were revised downward, but still the companies did not admit any serious shortage. As late as April 1951 they were still not fully awake to the fact that the situation was critical. A reserve of 8½ percent was predicted for this winter. A reserve of not less than 15 percent is considered safe. The peak load for 1951 will occur next week and I feel very strongly that the reserve capacity during this peak may well be less than half of what was predicted. Next week's figures of demand versus capability for the Nation will purport to indicate what reserve is available. Figures for demand will, however, indicate only connected loads. There is no way of knowing the real demand for electric power because no company ever connects more load than it can serve. It is therefore impossible for the measured demand to exceed the generation capability. However, the unavailability of large quantities of power for industrial expansion anywhere in the country is the real indication of what we are facing in the way of a power shortage. I am of the opinion that if the unconnected demand were considered in next week's determination of reserve capacity for 1951, the result would be an appreciable deficit rather than any reserve margin.

" 'With this situation as the background, increasing numbers of the rural electric cooperatives are attempting to develop independent sources of wholesale energy. They are working at top efficiency to get construction underway on additional generation and transmission systems so that agricultural production will not be interrupted by power shortages. Many of these cooperative generation plants will operate as integrated parts of Federal hydroelectric facilities. The engineers say that integration with hydroelectric capacity is the best way to derive the maximum benefit from the steam plants, and we certainly need every available kilowatt just as fast as it can be developed.

" 'The commercial utility companies are fighting these generation plants and integration plans to the utmost. They are fighting them in committees of the Congress; they are fighting them in the offices of the Rural Electrification Administration; they are fighting them before State regulatory bodies; they are fighting them in State legislatures; and they are fighting them in State and Federal courts. I have spent 2½ days of this week in the United States District Court for the District of Columbia listening to the legal arguments of 10 Missouri power companies that are trying to prevent the farmers of western Missouri from constructing a steam-generating plant to serve themselves. The companies say this is competition and claim they have the absolute right to operate free from competition. How these attempts to restrict the electric capacity of the Nation can be justified in these times of emergency, we do not know. We think that there is no justification for it any more than we think there is justification for the industry's long fight against the development of Federal hydroelectric capacity and the transmission lines to deliver the hydro power at wholesale where it is needed. In short, we see the present acute power shortage as the inevitable result of the commercial power companies' perpetual underestimation of national power requirements and their long fight against expansion of the electric capacity of the Nation, and we see these same companies, unable to meet expanding loads themselves, still fighting to prevent others from rectifying the serious shortage they have brought about. The power companies have still apparently not learned what is wrong. They still talk about achieving adequate reserves of 16 percent by the end of 1954. It appears to us that we will have an ever present power shortage until the Nation recognizes the need of encouraging not a 16 percent reserve by 1954 but an all-out unrestricted development of all the power resources of the Nation.

" 'The limiting factor in our power development must be the power needs of the country rather than the economic capability of the companies. Certainly the companies are entitled to a fair return on their investment. Such a return is one prerequisite for maintaining and expanding modern efficient commercial utilities. We encourage such expansion because our systems purchase over 50 percent of their power from commercial utility companies. We paid them over $37 million for power in fiscal 1950. We have

never opposed the expansion plans of any utility anywhere. In turn, we only ask that where these private utilities find it uneconomical to serve thin areas, even at wholesale, as evidenced by excessive rates and inadequate service, they allow the rural electric cooperatives and federally financed hydroelectric facilities to fill the gap instead of jeopardizing the welfare of the country by attempting to maintain exclusive rights to generate and transmit electric power.'

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"DETERMINATION OF POWER PROGRAM

"3. Those in charge of allocation policy must give due recognition to the vital need for electric power as an essential ingredient in the formula for successful defense mobilization. The exact amount of power required is a matter subject to honest differences of opinion. The determination of this amount should be recognized as a problem separate from the policy decision regarding what amount of scarce materials should be made available to meet that target. It boils down to the question 'How much power do we need?' as distinguished from the question 'How much power can we get in an allocated economy?' Your committee appreciates that the latter question is a difficult one to answer, especially when the answer must be obtained by balancing requirements for electric power against requirements for other elements needed in a mobilization economy. Your committee agrees that the needs of the Armed Forces deserve and must get first priority. Administrative officials and policymakers, however, cannot afford to underestimate the need for adequate electric power to produce the items needed by the military services. A Nation twice unprepared for its own defense within the lifetime of those now living should surely recognize the folly of allowing itself to lapse into that situation again. With our understandable pride in the miracles of modern American productive capacity in industry, there is danger that we rely too heavily on the ingenuity of American business to produce vast quantities of defense and civilian materials overnight. It must be realized that production takes time and advance planning. Embarking on a policy of increasing the productive capacity of American industry during the present emergency, care must be taken to see that all necessary elements required for that increase are given due consideration and provided. Obviously one of these elements is electric power. Your committee cannot emphasize too strongly the need for realizing the long lead time required to increase the output of electric power. In the face of past and current predictions by men competent in this field that the Nation faces a power shortage, especially in the Southeast and the Northwest, our policymakers both in Government and in industry must give full recognition to the lead-time factor. As recently as this month, Administrator Fairman, of DEPA, forecast that by the end of 1952 total generating capability will be slightly less than total capacity requirements even if the whole 1952 program is achieved. Because electric power, due to physical limitations, cannot be carried effectively to all parts of the country, Mr. Fairman's forecast points up the danger of shortages in specific geographic areas. He believes the prospects are that power will be short in 1952 from the Great Lakes to the gulf and in the Northwest. His forecast considered the growing aluminum-producing program, which consumes vast quantities of electric power. Approximately 10 kilowatt-hours of electricity are required to manufacture a single pound of aluminum.

"Already on the controlled materials list, aluminum is held forth as one of the materials which can be used as a substitute in some uses for even scarcer copper. As noted on page 22 of Progress Report No. 11 of your committee, DPA is working on an assumption that the estimated supply of aluminum for the first quarter of 1952 will be 646 million pounds. This translates roughly into a requirement for 6,460,000,000 kilowatt-hours of electricity. Electric output in the week ended December 8 has been estimated at 7,443,964,000 kilowatt-hours, which of itself represents a 7.7-percent increase over estimated output in the comparable 1950 week. Output for the preceding 1951 week ran slightly higher at 7,475,693,000 kilowatt-hours. Projecting this same output into the first quarter of 1952 would give an approximate output of 97 billion kilowatt-hours. While this figure is used for illustrative purposes only and not as an accurate forecast, it is noted that the manufacture of the amount of aluminum contemplated would use about 7 percent of the total available output. With current discussions of an increase in Air Force strength with its accompanying demands for more aluminum, it should be borne in mind that this in turn will greatly increase the demand for electric power.

"It must also be remembered that DEPA's estimates for power requirements are based upon present military requirements. Any increase in these requirements—which is entirely possible—will cause an increase in requirements for electric power capacity.

"In view of these considerations, there is more danger of underestimating than of overestimating electric power requirements—yet this Nation cannot afford to underestimate those requirements."

MINORITY VIEWS OF MR. WATKINS, MR. DWORSHAK, MR. BARRETT, AND MR. GOLDWATER ON S. 555

We, the undersigned members of this committee, recommend against enactment of S. 555, and submit for committee consideration this summary of views in opposition to the proposed Federal dam project at Hells Canyon.

For convenience, the opposing views are summarized herewith, with a detailed discussion following:

OBJECTIONS TO BILL SUMMARIZED

1. While the Congress is struggling to reduce the budget so that inflation can be halted and debt and tax reductions granted, the proposal made in S. 555 would represent an unnecessary out-of-Treasury expenditure or an outright tax loss, of a billion dollars.

2. The action recommended in S. 555 would result in a denial to the Nation of the benefits of assistance from non-Federal sources in the development of our hydroelectric resources.

3. S. 555 proposes upsetting a unanimous decision of the Congress' own bipartisan power agency, the Federal Power Commission. This proposal is made in spite of the fact that the FPC deliberations on the Hells Canyon decision were the most extensive in the Agency's history—extending over 2 years and amassing 20,000 pages of testimony in 150 hearing days. The FPC procedures and decision were upheld by a recent action of the United States Supreme Court.

4. S. 555 violates the precedent of Congressional respect for States rights in water-resource legislation affecting the semiarid West.

5. Power is still urgently needed in Idaho and elsewhere in the Pacific Northwest, and yet S. 555 would halt the contemplated delivery of energy from the Brownlee project in 1958 and postpone comparable power production at the Hells Canyon reach of the Snake River at least until 1964.

6. High Hells Canyon Dam would not contribute a drop of water for irrigation, municipal, or industrial use in Idaho or elsewhere in the semiarid West.

7. Based on expected average power production at the dam site, the three-dam project is eminently justifiable economically, and the additional generation at a high dam is but a small fraction of basin requirements.

8. The action upsetting the FPC decision undoubtedly would entail Federal liability for a large investment, of as yet unspecified size, already made by a private utility acting under a license lawfully issued by a Congressional agency in procedures sustained by the United States Supreme Court. Proponents have not offered an adequate estimate of this expected liability, nor shown its impact upon project feasibility.

9. In demanding the high Hells Canyon Dam as a flood control necessity, supporters of S. 555 are ignoring the fact that at least 90 percent of the unsolved flood control problem on the Columbia River originates from flood flows downstream from Hells Canyon and on other Columbia River tributaries. Furthermore, the high dam would not solve flood control problems upstream on the Snake River and its tributaries, where it is needed within the State of Idaho.

10. Section 4 of S. 555 provides for establishment of a Snake River project account but does not specify how the account would operate. This is a serious defect in this legislation, especially in view of the fact that no reclamation projects, as such, are authorized in the bill.

11. Proposed sale of 4-mill power from high Hells Canyon for 2.1 mills represents a large subsidy from taxpayers for industries, private utilities, and other prospective large volume users of that power.

12. Rejection of S. 555 would not mean discrimination against the States of Oregon and Washington in their water resource development. These States already have received one-seventh of Federal flood control and navigation construction funds and one-fifth of Federal reclamation construction funds appropriated for all the 48 States.

13. Revenues from the high dam would not be available to support reclamation development in the Snake River Basin until, at earliest, the year 2014, and then only upon direct Congressional authorization of such participating projects.

14. If the project proposed in S. 555, including both transmitting and generation facilities, were built in 6 years, as the supporters contend it will be, the project would require nearby $100 million a year in reclamation appropriations. Total reclamation construction funds requested in the 1958 Presidential budget amount to only $156 million for all 17 Western States, and efforts are being made in some quaretrs to reduce this amount.

15. The rapid tax amortization granted Idaho Power Co. is no giveaway as charged.

16. Section 3 (c) of S. 555 directs the Secretary of the Interior to supply and transmit from the McNary Dam, many miles downstream, the necessary construction power for the Hells Canyon Dam, in spite of the fact that the Secretary of the Army has specifically stated that "the purpose of his provision is not clear and might prove undesirable from an economic standpoint."

DETAILED EXPLANATION OF OBJECTIONS

1. While the Congress is struggling to reduce the budget so that inflation can be halted and debt and tax reductions granted, the proposal made in S. 555 would represent an unnecessary out-of-Treasury expenditure or an outright tax loss, totaling a billion dollars.

A brochure widely distributed by 10 organizations supporting S. 555 states that the cost of the high Hells Canyon project amounts to only $352 million.

The true costs of the project—since the brochure deals with power production at site and downstream—actually are in excess of a half billion dollars for power generation and

transmission facilities. These costs, as set forth in committee hearings and in the majority report on S. 1333 last session, and affirmed in the hearings on S. 555, are as follows:

Estimated costs of high Hells Canyon project	
Construction of Hells Canyon Dam [1]	$367,000,000
Interest costs during construction [2]	33,000,000
Transmission:	
Southern Idaho and system integration	68,200,000
Main system additions	8,700,000
Total, Hells Canyon Dam and transmission	476,900,000
Scriver Creek power project	52,100,000
Total costs authorized in S. 555	529,000,000
Transmission for additional system generation	69,100,000
Installation of 11 generating units at downstream plants	53,700,000
Total estimated cost to produce at-site and downstream power	651,800,000

[1] Containing powerplant of 1,250,000 kilowatts capacity.

[2] Estimated 6¾-year construction period and 3 percent interest.

This total does not include compensation that presumably would have to be paid to Idaho Power Co., if S. 555 is passed, thereby abrogating a legally issued Federal Power Commission license sustained by a recent action of the United States Supreme Court. This reimbursable cost is estimated at more than $48 million, including costs for construction expenditures and equipment orders.

In addition, it must be considered that the Idaho Power Co. and the area it serves are badly in need of additional power and are now in a position to obtain energy from Brownlee Dam in 1958. If passage of S. 555 abrogates this entire legal license to obtain additional power when it is needed, we believe that the Federal Government would be liable to demands for additional compensation to meet redress for damages and extra costs that would be suffered by the Idaho Power Co.

A BILLION DOLLAR MISTAKE

Now, in addition to all these actual project costs—which are nearly double the estimate of high Hells Canyon Dam proponents referred to previously—the passage of this measure would destroy a private power project now under construction. In 1958 this three-dam project of Idaho Power Co. could start paying local, State, and Federal taxes on its power generation at the Brownlee unit. It is estimated that the taxes which would be derived from the 3 dams would amount to $10 million annually, or $500 million in the 50-year licensing period. The Federal Government would be the recipient of $300 million of these estimated taxes.

This means, that in addition to forcing the Federal Government to spend more than a half billion dollars that it does not need to spend, the passage of S. 555 would throw away another half billion dollars in potential tax revenues.

This all adds up to a billion-dollar mistake that the Nation cannot afford to make in these days when the Congress and the executive branch are trying desperately to reduce Federal spending to halt inflation and to permit debt and tax reduction.

CLOSES THE DOOR TO PRIVATE ENTERPRISE

2. The action recommended in S. 555 would result in a denial to the Nation of the benefits of assistance from non-Federal sources in the development of our hydroelectric resources.

One of the issues posed by S. 555 is simple, yet fundamental. It is whether there is to be any place in the development of our hydroelectric resources for assistance from non-Federal sources when that assistance can be rendered entirely consistent with development in accordance with a coordinated comprehensive plan.

S. 555 would deny the Nation the benefit of such assistance. By so doing, S. 555 would overturn national resource policies developed over the last half century, and embodied in the National Reclamation Act of 1902 and in the Federal Water Power Act of 1920. The latter act encourages non-Federal participation in the development of our water resources under conditions adequately protecting the public interest, when such development is best adapted to a comprehensive plan for the improvement of the water resources for beneficial public purposes.

Approval of S. 555 would mark a departure from a half century of reclamation policy that reserves Federal sponsorship to projects which are not practicable for State or private financing.

Private enterprise has constructed three-fourths of the reclamation works in this country. Reclamationists are strong believers in private enterprise, and the whole purpose of the historic Reclamation Act of 1902 was to provide for Federal financing of sound reclamation projects which could not be undertaken by State or local interests. Nowhere in the Federal reclamation program is it proposed that the Federal Government should exclusively develop our water resources.

POWER NEEDS ESTIMATED AT $94 BILLION

There exists a tremendous backlog of desirable public-works projects, authorized and proposed, that could conceivably qualify for Federal financing. This backlog in the water resource development field was estimated at $70 billion alone. Secretary Seaton recently estimated private and public power needs for the next 20 years at $94 billion. To find these billions, and, at the same time, to meet our continuing astronomical defense costs, it is essential that all avenues of financial assistance—Federal, State, local, and private business—be utilized.

Here in the Hells Canyon area, we have a sound private utility that not only has offered to finance a power-flood control project, but also has obtained the necessary license from the FPC and energetically expedited construction work. Under these circumstances, and in view of the billions required for a large variety of needed public works, it just doesn't make sense to kill a going private enterprise project which will provide low-cost power and, at the same time, will provide 1 million acre-feet of flood-control storage free to the lower Columbia Basin, especially when it is considered that both power and flood-control benefits can be provided under the private plan several years ahead of the high Federal dam.

Abraham Lincoln long ago told the people: "The legitimate object of government is to do for a community of people whatever they need to have done but cannot do at all or cannot so well do, for themselves in their separate and individual capacities. But in all that people can individually do as well for themselves, government ought not to interfere." These sentiments were sound a century ago, and they are a good guiding principle for us today.

PROPOSES UPSET OF CONGRESS' OWN AGENCY

3. S. 555 proposes upsetting a decision of the Congress own bipartisan power agency, the Federal Power Commission. This proposal is made in spite of the fact that the FPC deliberations on the Hells Canyon decision were the most extensive in the agency's history—extending over 2 years and amassing 20,000 pages of testimony in 150 hearing days. The FPC procedures and decision were upheld by a recent action of the United States Supreme Court.

Section 7 of the Federal Power Act provides that, as between private applicants the Federal Power Commission shall give preference to the one which has the best plan to "develop, conserve, and utilize in the public interest the water resources of the region."

If the Commission's findings indicate that Federal development should be undertaken, the Commission is instructed by section 7 (b) not to approve a license application, but instead to submit its findings and recommendations to the Congress. Section 10 (a) requires that any license issued must be on condition that the project approved be the one "best adapted to a comprehensive plan for improving or developing a waterway * * * for * * * beneficial public purposes," and that section directs the Commission, if necessary, to require any modification of the project requisite to that end before the Commission gives its approval.

FPC CONSIDERED BEST COMPREHENSIVE PLAN

The Federal Power Act stresses repeatedly the concept that development proposals must measure up to the standard of being best adapted to a comprehensive plan for the utilization of the region's water resources. In determining whether non-Federal applicants are to be refused an opportunity to undertake a project, that concept of comprehensive development is properly the test. But if a project measures up to the test of comprehensive development, not only is there nothing in the Federal Power Act that calls for a license application to be refused in favor of Federal development, but such a position is entirely contrary to the objectives of the act.

The Federal Power Act came as the culmination of decades of study and experience by trial and error which demonstrated that administrative government machinery to test all project proposals by the measuring rod of comprehensive development was essential to the optimum utilization of the Nation's water resources in the public interest.

Late in the 19th century and in the early years of the 20th century, the Congress itself undertook to examine and license by separate statutes each individual non-Federal hydroelectric project proposal. This practice did not assure consistency with the public interest because the Congress was not equipped technically to examine proposals from the point of view of optimum development of the resources of the region involved. Furthermore, the lack of uniform standards made determination of the best multipurpose development impossible and tended toward piecemeal, limited development of the better hydroelectric sites.

FPC APPROACH FAVORED BY TEDDY ROOSEVELT

These deficiencies were early recognized by Presidents Theodore Roosevelt and William Howard Taft, who refused to approve individual licensing bills and who urged upon the Congress the necessity for legislation of general application that would establish standards to be met by non-Federal project proposals.

Out of this, and after prolonged study by Congressional committees and commissions established to develop national water policy, came the Federal Water Power Act of 1920, enacted during the administration of President Woodrow Wilson.

This act, which was designed to enable and encourage participation in water-resource development by non-Federal entities, public as well as private, contains the provisions

and requirements mentioned above in order to assure that, whatever the agency of development, the end served will be that of a comprehensive, coordinated water-resource program.

FPC PROGRAM EXPANDED BY F. D. ROOSEVELT

These provisions, after most thorough Congressional review, were reenacted as a part of the Federal Power Act of 1935, during the administration of President Franklin D. Roosevelt.

The present Commission was established by the 1935 act as an independent body of 5 members, no more than 3 of which may be of the same political persuasion. The Commission is equipped with a staff of expert engineers and attorneys to study and to present to it all of the facts relevant to the applications pending before it. All parties having an interest in any proposal before the Commission are afforded the opportunity to participate fully in the proceedings.

All of this is designed to assure that applications for licenses will be thoroughly and searchingly examined, with the fullest opportunity for presentation of all points of view, in order that decision may be reached whether the act's standard of "comprehensive, coordinated development" can be met by a non-Federal development proposal.

The enactment of S. 555 would abrogate by special legislation, in an individual case, a license which has been lawfully issued by the Federal Power Commission as a result of its consideration, after protracted proceedings in which all points of view, including the proponents of Federal development for Hells Canyon site, were fully heard. These proceedings occupied a period of more than 2 years, during which a record of approximately 20,000 pages and nearly 400 documents were amassed. It was, in fact, the most extensive proceeding in the Commission's entire history, the hearings alone occupying approximately 150 hearing days.

PROCEDURES SUSTAINED BY HIGHEST COURTS

Upon its consideration of the record and after applying the tests specified by the Congress, the Commission found the three-dam private development proposal to be "best adapted to a comprehensive plan" for the development of the Columbia Basin for the public purposes of flood control, navigation, recreation, and power. This finding, as provided by law, was sustained by the United States court of appeals, and the United States Supreme Court on April 1 denied a petition to review the license. High Hells Canyon backers immediately filed a motion for a rehearing, but no decision has been made on this motion.

We of the minority do not presume to decide these issues as between the Hells Canyon 1-dam plan and the 3-dam plan. The majority would have the Congress undertake this task. In so doing, the majority would commit the Congress to a task for which it has neither the time nor the technical resources. It would have the Congress return to a method of individual project review tried and found wanting 50 years ago.

Furthermore, the majority position appears to be based upon the false premise that comprehensive development requires exclusive Federal development of our water resources—a concept never approved by the Congress. The fundamental purpose of the Federal Power Commission is "to issue licenses" for the construction of water-resource projects by non-Federal public and private agencies.

We submit that the proper way to correct inadequacies, if any there be, in the Federal Power Act is by general legislation and not by special legislation such as S. 555.

Furthermore, passage of S. 555 would tend to throw a cloud over the licensing actions of all independent agencies set up by Congress. What reliance could a licensee take in any legally issued Federal license, including those from highly respected agencies such as the ICC, FCC, and other administrative agencies comparable to FPC, if the public concludes that this precedent-making Hells Canyon proposal means that such licenses are subject to arbitrary upset by Congress, even if legally issued and sustained by our highest courts?

S. 555 THREATENS IDAHO'S WATER RIGHTS

4. S. 555 violates the precedent of Congressional respect for States rights in water resource legislation affecting the semiarid West.

No interstate compact has been effected to adequately protect the rights of Idaho and other upper Snake River Basin States to consumptive uses of water in the Columbia River and its tributaries. This was a basic objection to S. 1333. It remains a basic objection to S. 555.

People who live in the humid sections of the country have difficulty in comprehending the active interest in water resources legislation that is taken by people who live west of the 98th meridian, in what is the semiarid region of this great country of ours. In much of this part of the West, annual precipitation averages only from 5 to 10 inches a year. This represents only a little more moisture than falls in the humid East during a typical week of heavy hurricane rains. Futhermore, most of this limited precipitation in the semiarid West occurs in the winter in the form of snow. Therefore, to have water for its cities and its relatively small agricultural oases, the West is obliged to build storage reservoirs which trap moisture during the spring snow melt and conserve it for use during the dry months of the year.

In western water development, a major advantage has been enjoyed by the downstream water users on our large rivers. The downstream areas frequently are the first to develop, have the best hydropower sites, and build up population justifying earlier development.

COMPACT PRECEDENT SET ON NEIGHBORING RIVER

This was the situation faced by the upper States of the Colorado River Basin when the downstream users first proposed large-scale storage on that river in the 1920's. The upper basin States, whose watersheds supply 90 percent of the water of the Colorado, recognized that the tremendous storage capacity proposed for the Boulder Canyon project would enable the downstream States of California and Arizona to put to use all the available, unappropriated water in that river. Hence, the upper basin States refused to approve the construction of the Boulder Canyon project until the lower basin States had guaranteed to them, in an interstate compact, specific consumptive water uses in the river. Ratification of such a compact was required by Congress in 1928 as a condition to authorization of the project act which ultimately made possible the construction of Hoover Dam.

A similar situation exists on the Columbia River today. Tremendous power and irrigation projects have been constructed on the lower river. In this river basin, however, unlike the situation on the Colorado, the coastal sections are a water-surplus area, and considerable reclamation development has already occurred in Idaho's arid Snake River drainage basin. Hence, there has not been a comparable drive in the Northwest for protection of the legitimate uses in the several basin States. The day is here, however, when an agreement between the States is necessary to safeguard the rights of investors in water-use projects and to avoid unnecessary waste of millions in needless litigation.

In the Snake River Basin of Idaho, a lack of an interstate compact or a judicial adjudication will be a barrier to future water development in that State. This is the basis of Idaho opposition to the high Hells Canyon proposal at this time.

IDAHO'S FEARS AMPLY JUSTIFIED

These fears are amply justified. A power dam consumes relatively little water, but it establishes an appropriative right to streamflow which must be considered legally and morally in any future water development. In the case of the high Hells Canyon Dam, long-term storage rights are sought for a reservoir impounding 4 million acre-feet of water, held vitally necessary for national defense, flood control, power production, and regulation of the riverflow to provide firm power at downstream power dams.

Proponents of high Hells Canyon Dam have sought to reassure the people of Idaho that their future water rights in the Snake River are adequately protected by section 2 of S. 555. Responsible western water law authorities do not concur in this opinion.

When H. R. 5743 was introduced into the 82d Congress, section 2 read as follows:

"SEC. 2. The operation of the Hells Canyon division shall be only such as does not conflict with any present beneficial consumptive use, valid under State law, of the upstream waters of the Snake River and its tributaries, and as does not conflict with any future depletion of flows arising from future upstream diversions for beneficial consumptive uses under State law—

"(1) In a total amount which is reasonable and equitable for the irrigation of new and supplemental land developments which are, in total area, like those indicated in chapter IV of the substantiating materials to the Hells Canyon project report, as set forth in volume 2 of House Document No. 473, 81st Congress; and

"(2) In a total amount which is reasonable and equitable for future upstream consumptive uses for domestic, municipal, stockwater, mining, and industrial purposes."

PROVISO NO ADEQUATE SUBSTITUTE FOR COMPACT

This provision, we maintain, is no adequate substitute for a formal interstate compact, but it does spell out the rights preserved for the upstream States, which are the only rights endangered by this proposed reservoir project.

In S. 1333 of the 84th Congress, this section had been watered down to this form:

"SEC. 2. The operation of the Hells Canyon Dam shall be only such as does not conflict with present and future rights to the use of water for irrigation or other beneficial consumptive uses, whether now or hereafter existing, valid under State law, of the upstream waters of the Snake River and its tributaries.

In committee, this was further modified, to read as follows (new material in brackets):

"SEC. 2. [Notwithstanding the provisions of any other law,] the operation of the Hells Canyon Dam shall be only such as does not conflict with present and future rights to the use of water for irrigation or other beneficial consumptive uses, whether now or hereafter existing, valid under State law, of the waters of the Snake River and its tributaries upstream from the dam [and downstream]."

1956 SECTION 2 RATED ULTIMATE

This section was described as follows in the committee report on S. 1333, last session:

"The committee concludes that section 2 as amended provides the fullest possible protection against infringement by this project on any beneficial consumptive use rights, present or future. The only way greater

protection could be afforded would be by an amendment of the Constitution."

In spite of this unqualified endorsement, the section was further amended in S. 555, to read as follows (new material in brackets):

"SEC. 2. Notwithstanding the provisions of any other law, the operation of the Hells Canyon Dam shall not conflict with, [and shall be subordinate to,] present and future rights to the use of water for irrigation or other beneficial consumptive uses, whether now or hereafter existing, valid under State law, of the waters to the Snake River and its tributaries upstream from the dam and downstream."

A close analysis of section 2 of S. 555 discloses that at best it is confusing, and at worst it holds out false hopes to the people of Idaho that their future needs for water for consumptive purposes will be fully protected.

HIGH DAM WOULD ESTABLISH RIGHT UNDER STATE LAW

It is the understanding of the minority that the State laws of both Idaho and Oregon recognize the use of water for hydropower production as an appropriative beneficial use right which will have priority over any other rights initiated and established subsequently upstream from the powerplant. Section 2 limits the protection for so-called future rights to those valid under State law. A future use upstream would be subsequent to the establishment of the Hells Canyon Dam, which under both the laws of Oregon and Idaho in such a situation would be first in time and, therefore, first in right. That would be a "valid" right under State law, and any future use right upstream would be junior to the Hells Canyon hydropower right. Under the same State law, therefore, the upstream water development is defined as a junior right and, consequently, is only valid to that extent.

Thus we have one "valid" right against another, or two valid rights under State law—one senior and the other junior. And this State law cannot be changed by an act of Congress.

Thus section 2 fails to accomplish its announced purpose.

There is still another point of view to be considered. It has long been the position of Idaho irrigation interests that the language of section 2 is, in actuality, meaningless. First, it is obvious that this or any other Congress could repeal or amend this language at any time; and in the event of a clash of water rights between the single dam and irrigation interests, as mentioned above, this would be a probable occurrence. And, secondly, this language does not give any protection against Federal control of the river.

Most western water States have had disillusioning experiences with downstream hydroplants on streamflow subsequently required for upstream consumptive water uses. Such downstream plants, including at least one Federal project, have had to be purchased outright, or otherwise compensated for water intended to be used by the water users, to fill reservoirs which were being planned to store water for municipal, industrial, and agricultural uses.

FPC LICENSE MAKES POWER USE SUBORDINATE

This prospect is not faced by Idaho in the case of the Federal Power Commission dams, because the license specifically provides that upstream water depletion for future consumptive use takes precedence over production by hydropower at the Hells Canyon site, now and in the future.

If section 2 does not in fact—and should this be later established by the courts—protect the rights of the upstream States to all consumptive use needs now and in the future, as proponents contend, then it should be pointed out that such future needs could very likely deplete the flow of water of the Snake to the point where efficient power generation at the high dam will be greatly reduced. That is a risk that may well become a reality, and under such circumstances the Federal Government certainly should not make an investment of over $500 million based on such a risky water supply.

We believe this comment is fully justified. If the downstream States of Oregon and Washington are willing to consent to a provision of this bill that will fully protect Idaho's future rights to water for consumptive needs now and in the future, then why are these States so adamant against joining in an interstate compact which would be ratified by their legislatures and bind them formally to recognize such rights and make it possible for Idaho's rights to be fully protected in the courts of the land?

COLUMBIA RIVER STATES HAVE DRAFTED COMPACT

The Columbia River States have a proposed compact, drafted in 1954 after interstate considerations extending over several years. However, the proposed compact, while signed by the Interstate Compact Commission in early 1955, has not been ratified by the lower basin States of Oregon and Washington, and these States have refused to ratify a revised draft completed in 1956. In fact, the impression has been given that these States will never ratify such a document. Hence, Oregon and Washington are telling Idaho, in effect, "We refuse to guarantee upstream rights by entering into a compact, but we offer you in place of such a formal legal compact, a so-called protective clause in S. 555 which we believe will effectively protect your rights to Snake River waters."

So far, Idaho has not accepted the assurances that a proviso of S. 55 will protect its rights to develop a rightful share of Snake River water. On the contrary, Idaho leaders and farm groups have accepted the alternative proposal of the Idaho Power Co. to develop needed kilowatts by a 3-dam project which requires only 1 million acre-feet of storage.

No one has contended that this smaller reservoir could not be filled from excess streamflow, and it is not authorized by Congress as the key to a regulatory program to increase firm power production at large downstream Federal power dams. Furthermore, the license for this 3-dam project contains a proviso (art. 41), which specifically directs that water rights for the Idaho Power Co. dams—obtained on application to the State of Idaho—shall be subordinate to consumptive uses upstream, now and in the future.

This restrictive article in the FPC license provides that the project "shall be operated in such manner as will not conflict with the future depletion in flow of the waters of Snake River and its tributaries, or prevent or interfere with the future upstream diversion and use of such water above the backwater created by the project for the irrigation of lands and other beneficial consumptive uses in the Snake River watershed."

Both the FPC and the State of Idaho can police this directive. Legal remedy, if required, can be obtained in Idaho courts.

An attempt was made in committee to substitute the language of this proviso for section 2 of S. 555, but it was beaten down by the supporters of high Hells Canyon. Such an amendment would not be an adequate substitute for a compact, but it would more effectively spell out the upstream rights, which are the only ones at stake here.

S. 555 WOULD DELAY NEEDED POWER FOR NORTHWEST

5. Power is still urgently needed in Idaho and elsewhere in the Pacific Northwest Yet S. 555 would halt the contemplated delivery of energy from the Brownlee and Oxbow projects in 1958 and postpone comparable power production at the Hells Canyon reach of the Snake River at least until 1964.

The power that will be produced from the Idaho Power Co. dams presently under construction is vitally needed, and is being counted upon, both in that company's service area and in the whole Northwest region.

Denial of this power to the Idaho Power Co.'s service area could bring about a regional economic catastrophe. Evidence was presented at the hearing that the company's peak demands already are greatly in excess of its present dependable peaking capacity. Temporary supplies available from steam plants in Utah will no longer be available after next year and emergency supplies can be obtained from the Bonneville Power Administration only during the Columbia flood season in late spring and summer.

BROWNLEE POWER WOULD PREVENT INDUSTRY SHUTDOWN

As it stands now, the company and its area will be in a very critical condition from September 1957 until April 1958. If by act of this Congress, construction of the Brownlee Dam were halted, the position of the power users in the company's service area would be tragic. The Brownlee project of the company, which will begin supplying power in the fall of 1958, is the one possible source of supply which can alleviate the condition in the company's area. Likewise, that project will make immediately available additional power for use in the Pacific Northwest region as a whole, and prevent shutdowns of great electrometallurgical industries such as occurred in the spring of 1957. Expected shortages in the Northwest in 1958 were expected to be made up by delivery of energy from Brownlee Dam.

All planning with respect to serving power needs in the Pacific Northwest through 1964 is based on the assumption that the company's three units—Brownlee, Oxbow, and Hells Canyon—will come into service on the planned time schedule of the company.

The chart introduced in evidence (Committee Hearings Record, facing p. 256) depicts graphically how the company's plants will supply its own needs and, in addition, make available surpluses for the so-called West Group of the Pacific Northwest power pool. It is in this region that the greatest shortages occur.

Any action which would prevent the scheduled completion of these FPC-approved powerplants will bring severe economic loss, not only to Idaho, but also to the entire Pacific Northwest. In addition, production at vital defense industries in the Northwest could be seriously impaired for several years if power shortages result from passage of this measure.

HIGH DAM CONTRIBUTES NO WATER FOR ARID WEST

6. High Hells Canyon Dam would not contribute a drop of water for irrigation, municipal, or industrial use in Idaho or elsewhere in the semiarid West.

In spite of the fact that this measure was handled by the Senate Irrigation and Reclamation Subcommittee, it is not fundamentally a reclamation project. On the contrary, it is primarily a power project with some flood-control values which can be adequately provided under an alternative program in the same reach of the river and elsewhere in the basin.

The high Hells Canyon Dam would not conserve water for use over sustained drought cycles. Nor does it provide any water for reclaiming land by irrigation or for the municipalities and industries in the semiarid region of Idaho, eastern Oregon and Washington. It is not a holdover storage reservoir like those on the Upper Snake and

on the Colorado River. The reservoir behind the dam would be used exclusively for flood control, river regulation, and power production. This means that the dam would merely retard the flow of the Snake River for a relatively brief period of time, and would not conserve it for use over prolonged dry cycles.

In fairness, it should be pointed out that revenues from this project may be utilized to finance irrigation projects in the Snake River Basin upon completion of the 50-year amortization period, if Congress so directs. But the same claim could also be made for the 3-dam project, which is licensed only for 50 years.

It is significant that the Idaho State Reclamation Association, representing over 2 million acres of irrigated land in the State most directly affected, has been adamantly fighting the high Hells Canyon proposal for the past 9 years, and is solidly opposed to S. 555.

THREE-DAM PROJECT EMINENTLY JUSTIFIABLE ECONOMICALLY

7. Based on expected average power production at the dam site, the 3-dam project is eminently justifiable, economically, and the additional generation at a high dam is but a small fraction of basin requirements.

Most comparative analyses of costs for the two competing projects at Hells Canyon deal not with the actual costs of producing and transmitting the power, but with the price at which the Federal power will be sold. This gives a tremendous advantage to the Federal project because S. 555 prescribed that the power from the high Federal dam would be sold by the Bonneville Power Administration, much of it presumably at the system wholesale industrial rate, which averages 2.1 mills per kilowatt-hour, largely because of extremely low-cost power from a few depression-built hydro dams.

In other words, even though the actual cost of power produced at the proposed high Federal dam will be in excess of 4 mills, for energy generation and transmission, it will be sold for slightly more than 2 mills, and the proponents of high Hells Canyon will be claiming that this sales price represents the costs of power from that project. At the same time, advocates of high Hells Canyon ignore the actual cost of power from the 3-dam private project and quote, instead, a production-cost figure which includes local, State, and Federal taxes, none of which is paid by the Federal project.

COMPARATIVE DATA GIVEN FOR PROJECTS

In order to give a true statistical picture of the comparative costs of these two projects, and the high Pleasant Valley project which was injected into committee deliberations this year, an analysis was made of all testimony submitted last session and this to show comparative costs. The comparative data are as given in table I of this report:

TABLE I.—*Comparison of costs and economics of plans for power development on Snake River between Weiser, Idaho, and confluence with Salmon River*

[High Pleasant Valley would inundate Hells Canyon unit of the 3-dam plan]

	3-dam plan under license of FPC	High Hells Canyon Dam	High Pleasant Valley Dam
Cost of structure [1]	$133,000,000	$400,000,000	$300,000,000
Annual cost [4]	$15,400,000	$18,170,000	$13,100,000
Average annual generation, millions kilowatt-hours at site	4,793	4,900	4,830
Cost per kilowatt-hour, at site, mills	3.21	3.08	2.71
Cost less Federal tax, mills	2.38		
Cost less Federal and State taxes, mills	1.75		
Installation, kilowatts	[2] 1,175,100	[3] 1,250,000	1,250,000
Initial, kilowatts	783,400	800,000	
Heads, maximum, feet	602	602	575

[1] Including power installation, but exclusive of transmission.
[2] Ultimate under FPC license.
[3] Unofficial estimate of installation possibility.
[4] Annual costs include for all plans costs for flood control operations.

Economic values as measured by a comparison of at-site investment cost per average kilowatt of output, also are reflected in table II, which is reproduced for Senate consideration at this point:

TABLE II.—*At-site investment analysis*

[All values in round numbers]

	3-dam plan	High dam [1]
Total cost of dams	$133,000,000	$367,000,000
Interest during construction		$33,000,000
Transmission: Local and regional	$21,000,000	$77,000,000
Total project investment, Idaho area	$154,000,000	$477,000,000
Annual generation, at site in average kilowatts [2]	546,000	634,000
Investment cost per average kilowatt of output	$280	$752

[1] Idaho area only.
[2] These values are derived by dividing the "average annual generation" quantity of the previous table by 8,760, the hours in a year.

Table I shows that, based upon average annual generation, the three-dam plan would produce energy for 1.75 mills per kilowatt-hour, if Federal, State, and local taxes are disregarded. Comparable energy costs for the high dam are 3.08 mills based upon the estimated output from the larger installed capacity (1,250,000 kilowatts) proposed by the committee at the 1957 hearings. The costs per kilowatt-hour also are lower at the proposed high Pleasant Valley Dam, which, like the three-dam project, would cost considerably less than the high dam. No report has been made on the latter project, however, and this reference does not imply approval of that project.

Based upon plant investment and unit energy costs, therefore, the three-dam plan is shown by these tables to be eminently justifiable from an economic standpoint.

THREE-DAM PLAN VALUES CONFIRMED

Another interesting observation in the engineer's report is that even though the installed capacity of the high Hells Canyon powerplant is increased 50 percent—from 800,000 kilowatts to 1,250,000 kilowatts—the expected average generation will be increased only a little less than 4½ percent. The engineer's estimate of the average annual energy output of the 1,250,000-kilowatt plant is indicated in the table at 5,900 million kilowatt-hours. The estimate is based upon an analysis of available water supply, covering 20 years of streamflow records, extending from 1929 to 1948.

The official project report, however, recommends an initial installation of 800,000 kilowatts with provisions for addition of a 100,000 kilowatt unit.

Increased downstream production, which could result from the storage releases of all three proposed reservoirs, is disregarded because no such installation of additional generating equipment is authorized in this legislation.

Downstream production of power properly is a matter for later legislation, which will be required to authorize appropriation of at least $150 million for that purpose. Also, before the maximum amount of downstream power can be produced from Hells Canyon storage, it will be necessary for the Congress to appropriate more than a billion dollars to build additional power dams on the Columbia River below Hells Canyon.

LIABILITY FOR DESTRUCTION IS IGNORED

8. The action upsetting the FPC decision undoubtedly would entail Federal liability for a large investment, of as yet unspecified size, already made by a privately owned public utility, acting under a license issued by a Congressional agency in procedures sustained by the United States Supreme Court. Proponents of high Hells Canyon dam have not offered a concrete estimate of this expected liability nor shown its impact upon project feasibility.

Plans for the Brownlee and Oxbow Dams of the 3-dam Idaho Power Co. project were approved by the Federal Power Commission (following prior approval by the Chief of Engineers and the Secretary of the Army) in November 1955. The licensee power company, cognizant of the time limitations imposed in the license, promptly initiated construction of the Brownlee Dam. The company reports expenditures of more than $24 million in construction work and has committed itself to orders for more than $24 million in machinery and equipment. One thousand men are now at work on the Brownlee Dam.

Company officials predict that the Brownlee project will be entirely completed and in operation in the fall or early winter of 1958, in time to supply winter peak loads. Initial deliveries will exceed 360,000 kilowatts of energy for both groups of the Northwest power pool.

In anticipation of this production, the power company on May 3 announced the start of construction on a $4,500,000 transmission line. In addition, substations at Boise and American Falls, Idaho, are being built at a cost of $7,500,000.

Proponents of the high Hells Canyon Dam have made no visible effort to assess the total loss and the expected Federal liability that would result if this going project is destroyed by Congressional approval of S. 555. Compensation paid by the Federal Government to this licensee would, of course, be a legitimate part of the high-dam costs.

FLOOD-CONTROL NEEDS ON OTHER TRIBUTARIES

9. In demanding the high Hells Canyon Dam as a flood-control necessity, supporters of S. 555 are ignoring the fact that at least 90 percent of the unsolved flood-control problem on the Columbia River originate from flood flows downstream from Hells Canyon and on other Columbia River tributaries. Furthermore, the high dam would not solve flood-control problems upstream on the Snake River and its tributaries, where it is needed within the State of Idaho.

An Army enginer testified at the 1957 hearings (pp. 228–229) that the Snake River above the Oxbow Dam site, contributed less than 10 percent of the flood flows in the three largest Columbia River floods on record. Furthermore he pointed out that the proposed Brownlee and Pleasant Valley Dams

will solve 70 percent of the flood-control problem on the upper Snake River.

Percentages of the record floods contributed by Columbia River tributaries were fixed as follows:

Columbia River floods

Year of record	Percentage of flood flows at The Dalles contributed by major tributaries		
	Snake River above Oxbow Dam	Salmon and Clearwater Rivers	Remainder of Columbia River
	Percent	*Percent*	*Percent*
1894	9.0	16.0	75.0
1948	4.9	19.3	74.7
1956 (preliminary figures)	7.0	23.0	70.0

When it is considered that nearly half of the flood-control storage capacity recommended for the central and upper Snake River by the Corps of Engineers in 1948 is under construction at the Brownlee Dam site, it is obvious that the concern for flood control on the Columbia should be directed at other tributaries.

UPPER SNAKE RIVER ADEQUATELY CONTROLLED

The facts are that the upper Snake River today is one of the best-controlled rivers in the Nation. Twenty water-storage reservoirs have been built on the Snake River above Hells Canyon since 1906, with a total storage capacity of 7,781,000 acre-feet or the equivalent of about two-thirds of the average annual flow of the Snake River at Weiser, Idaho. Another 1 million acre-feet of storage capacity will be added in 1958, upon completion of Brownlee Dam. Four other storage reservoir projects are under active study: Garden Valley on the Payette River, with a capacity of 843,000 acre-feet; and 3 Snake River dams at Burns Creek, 120,000 acre-feet; Alpine, 780,000 acre-feet, and Marsing, 830,000 acre-feet, or a total additional storage capacity of 2,573,000 acre-feet. This means that storage existing, under construction, and in planning on the Snake River above Hells Canyon totals 11,354,000 acre-feet, or roughly equal to the average annual flow of the river at Hells Canyon. Certainly three-quarters of this active storage space, 8,500,000 acre-feet as a minimum, is beneficial directly to alleviating flood damages on the Columbia River.

NO STORAGE AT ALL ON WORST FLOODERS

By contrast, there is no existing reservoir storage on the Clearwater and Salmon Rivers, long characterized as two of the worst "floodders" on the Columbia.

House Document 531 of the 81st Congress, 2d session, estimated that 7,380,000 acre-feet of flood-control storage space was required for the upper Snake River, including tributaries. By operating the existing and planned reservoirs on the Snake River for flood control as well as other storage uses, and incorporating modern runoff forecasting based on snow measurements, it appears reasonable to conclude that the addition of the Brownlee storage will meet all but local control requirements on the upper Snake River. Additional information on this subject should be included in the coming report on the engineers' review of the Columbia River "308" report, expected this summer or fall.

Meanwhile, we are provided with the spectacle of high-dam supporters trying to force this measure through Congress, prior to receipt of this up-to-date flood-control review, ostensibly to correct a flood-control problem that does not exist to any demonstrable extent, on this portion of the river, and ignoring the flood-control hazards on other tributaries where flood-control funds logically should be spent. Moreover, passage of S. 555 would prevent completion of 1 million acre-feet of flood-control storage by the fall of 1958.

It is significant that the Corps of Engineers, which is the responsible agency for flood control, did not object to the three-dam license granted Idaho Power Co. by the FPC. The Brownlee Reservoir will be operated for flood control, with the entire 1 million acre-feet of storage available for this purpose under the Corps of Engineers, whenever required. And this storage will be provided several years before Hells Canyon Dam could be constructed.

NO PROVISION FOR PROJECT ACCOUNT OPERATION

10. Section 4 of S. 555 provides for establishment of a Snake River project account, but does not specify how the account would operate. This is a serious defect in this legislation, especially in view of the fact that no reclamation projects, as such, are authorized in the bill.

The bill ostensibly establishes a project fund to support reclamation projects, but no reclamation projects as such are authorized and no funds to assist reclamation are expected to be available from this project until after the repayment in 50 years, of capital costs of the authorized high Hells Canyon Dam and the Scriver Creek power units. Furthermore, project power would not be priced and sold by the Secretary of Interior, as in the case with other reclamation projects on the upper Snake River, but would be marketed by the Bonneville Power Administration, which has as its objective, not reclamation development, but low-cost Federal power.

If such a fund is set up in this reclamation legislation, this section should be clarified to insure that it will operate in the interests of reclamation development as well as low-cost power. It is significant, however, that when an amendment was introduced in committee, calling for a pricing policy to produce revenues for water resource development concurrent with the repayment of the power facilities, it was defeated by the backers of high Hells Canyon Dam.

NORTHWEST PROJECTS SELL POWER BELOW COST

11. Proposed sale of 4-mill power from high Hells Canyon for 2.1 mills represents a large subsidy from taxpayers for industries, private utilities, and other prospective large volume users of that power.

Estimates of 3.79 mills per kilowatt-hour for the cost of power from high Hells Canyon Dam, including transmission, were made at the 1957 hearings by a Department of Interior witness. Costs for the Scriver Creek power were estimated at 4.7 mills per kilowatt-hour. An estimate given by a departmental spokesman in a letter to Senator WATKINS during 1956 placed the costs for the power from the combined projects at 4.5 mills per kilowatt-hour, including transmission. Table I of this report fixes the energy cost at 3.08 mills. When BPA unit transmission costs are added, the total power cost becomes 4.18 mills.

In spite of these estimates of plus 4-mill power at high Hells Canyon, proponents of the Federal project testified that the power would be sold at the Bonneville Power Administration wholesale rate, which averages 2.1 mills per kilowatt-hour for large industrial users and 2.3 mills for all power users.

That such below-cost sale of power in the Pacific Northwest would not be a precedent is indicated in the experience at the recently completed Hungry Horse project in Montana. This project produces power at an at-site cost of 3.76 mills per kilowatt-hour, according to Department of Interior figures, and the cost ultimately will increase to 4.19 mills per kilowatt-hour.

POWER SALES FROM HUNGRY HORSE

Yet, in spite of these actual costs for power at the Hungry Horse plant, the half-cost rates at which a large amount of this power was sold during fiscal 1956 are indicated in the following table, prepared by Bonneville Power Administration:

TABLE C.—*Power sales in Montana by the Bonneville Power Administration*

Purchaser	Fiscal year 1956					Estimated load in fiscal year 1961 (average kilowatts)
	Energy sales (in thousands of kilowatt-hours)			Revenue	Average revenue (mills per kilowatt-hour) [1]	
	Total	Firm	Nonfirm			
Anaconda Aluminum Co.	806,908	799,416	97,573	$1,541,581	1.72	110,000
Victor Chemical Works	340,613	267,558	73,055	762,142	2.24	30,000
Montana Power Co.	385,799	351,391	34,408	961,020	2.49	40,000
Pacific Power & Light Co.	71,523	50,019	21,504	175,792	2.46	13,000
Flathead Electric Cooperative	17,746	17,746		57,431	3.24	4,000
Lincoln Electric Cooperative	8,296	8,296		29,488	2.55	2,000
Missoula Electric Cooperative	9,007	9,007		31,929	3.54	1,000
Ravalli County Electric Cooperative	7,756	7,756		26,254	3.39	1,000
Northern Lights	2,807	2,807		9,283	3.31	1,000
Total	1,740,536	1,513,996	226,540	3,594,920	2.07	[2] 202,000

[1] The low rate realized by the Anaconda Aluminum Co. is the result of buying power at the system at-site rate. This rate is $14.50 per kilowatt-year of maximum demand as compared with the basic C rate of $17.50 per kilowatt-year of maximum demand. The at-site rate is available only to customers taking power at site for use within 15 miles of the project. The variation in the rates paid by the other customers is due to different load factors at which they take power. The basic rate applies to the maximum demand and does not change as the load factor changes. The $17.50 rate at 100 percent load factor results in about 2 mills per kilowatt-hour. As the load factor drops, the mills per kilowatt hour increase.

[2] Shortly after fiscal year 1961 these Montana loads will require the full 208,000 kilowatts.

This table shows clearly that, in spite of the at-site costs of 3.76 mills to produce this power at Hungry Horse, more than $1.5 million worth was sold to Anaconda Aluminum Co. for an average cost of 1.72 mills per kilowatt-hour. This, therefore, represents an annual subsidy of roughly $2 million a year in below-cost power, or a total subsidy of $107,600,000 during the 50-year repayment period.

It is obvious from analysis of this table that other large industries in the State of Montana also are the recipients of a considerable subsidy of below-cost power from Hungry Horse. The table shows that 3.76-mill Hungry Horse power is supplied to these large industrial corporations and private utilities at these bargain rates:

	Mills per kilowatt-hour
Victor Chemical Works	2.24
Montana Power Co.	2.49
Pacific Power & Light Co.	2.46

COOPERATIVES PAY MORE THAN BIG INDUSTRY

It is also interesting that the power sold to the 5 cooperative customers brings a more realistic rate of return—an average of 3.24 to 3.55 mills per kilowatt-hour.

At another recently completed power dam on the Columbia—at The Dalles, Oreg.—power is produced for 3.4 mills per kilowatt-hour, but is sold for 2.1 mills per kilowatt-hour. One large industrial customer, the Harvey Machine Co., gets a price of 1.72 mills per kilowatt-hour for 120,000 kilowatts of power. The subsidy for this large industrial user, therefore comes to approximately $1.8 million annually, or nearly $90 million in 50 years.

There is nothing illegal about this below-cost sale of power. The authority is provided for in legislation authorizing a so-called postage stamp power rate for the system, and the agency employees and the consuming industries apparently are proceeding legally and aboveboard in setting these rates and negotiating contracts.

This makes it readily apparent that large quantities of higher-cost power are being absorbed into the Bonneville power system, which has long prided itself on its 2-mill rate. Estimates for at-site power costs at some forthcoming projects, provided by BPA, are as follows: Ice Harbor, 4.8 mills; Hills Creek, 4.6 mills; Cougar, 5.1 mills; and Roza, 3.3 mills per kilowatt-hour. Yet, in spite of such Columbia River power costs in excess of 4 mills, the backers of high Hells Canyon dam have been endeavoring to discredit all hydro projects that must sell power at a higher rate than 2 mills.

ONE TWENTY-FOURTH OF STATES RECEIVE ONE-SEVENTH OF INCOME

12. Rejection of S. 555 would not mean discrimination against the States of Oregon and Washington in their water-resource development. These States already have received one-seventh of Federal flood-control and navigation construction funds and one-fifth of the reclamation construction funds appropriated for all the 48 States.

The Northwest States of Oregon and Washington—which represent one twenty-fourth of the 48 States by number—have received approximately one-seventh of the total construction funds for flood-control and navigation projects, and an even greater proportion of the reclamation construction appropriations for all 48 States. And they have roughly one-fourth of the backlog projects already authorized for construction.

Maj. Gen. Charles G. Holle, Deputy Chief of the Corps of Engineers, in a speech in the Pacific Northwest in the fall of 1955 stated:

"During the 4 years, fiscal 1953 through 1956, almost a half billion dollars have been appropriated for new works by the Corps of Engineers in this basin—a sum far greater than that provided for any other river basin in this Nation, and amounting to some 30 percent of the new work appropriations for the entire United States."

NORTHWEST IS GENEROUSLY TREATED

This does not make it appear that the great Pacific Northwest has been discriminated against in funds appropriated for water-resource development. On the contrary, it makes it abundantly clear that just the reverse is true.

In addition to this generous treatment, it is true that the States of Oregon and Washington will benefit tremendously from the three-dam project on the Snake River. This Idaho Power Co. project will make it possible for downstream Federal powerplants to produce much additional energy, simply by the addition of supplemental generating and transmission equipment. Furthermore, the Brownlee Dam will contribute a million acre-feet of storage to the Columbia River flood-control program aimed at reducing the flood danger to downstream power and navigation installations and to the city of Portland, Oreg. The project also will provide navigation benefits to the Pacific Northwest, again at no cost.

It also should be considered that there is underway in the Pacific Northwest today one of the greatest hydroelectric construction programs ever undertaken at one time in any single area in the Nation. This billion dollar program, the Wall Street Journal estimated, will result in the addition of 4.6 million kilowatts to Northwest power generation, roughly the equivalent of the installed capacity of the Federal hydroelectric plants completed in that region. This partnership program, involving both public power agencies and privately owned utilities, would suffer from enactment of S. 555.

NO REVENUES FOR WATER DEVELOPMENT FOR HALF CENTURY

13. Revenues from the high dam would not be available to support reclamation developments in the Snake River Basin until, at earliest, the year 2014, and then only upon direct congressional authorization.

The conventional reclamation project authorizes so-called participating projects, which are water-development projects eligible to participate in excess revenues from project units which produce hydropower. Project-power rates, therefore, are set at a level to return both the cost of power facilities and funds to help develop water. This is definitely not the case with respect to S. 555, which authorizes only 3 power units, which are to be repaid from revenues within 50 years.

This means that the power users of the high Hells Canyon project would be the exclusive project beneficiaries for a half century. Also it would mean that projects to help develop water in the Snake River Basin—where all the water for the Hells Canyon reservoir originates—would have to wait at least until the year 2014 for assistance from high Hells Canyon power revenues, because it would require at least 6 years to complete construction of the high dam and 50 years to repay its cost.

Revenues from the three-dam project, on the other hand, would be available for such purposes several years earlier, if they were deemed essential for area water development and if the Government assumes operation of the facilities or provides for such revenues in a license extension at the end of the 50-year licensing period. Hence, the possibilities for irrigation and municipal water assistance from the three-dam project are just as good as they are from the Federal project, and funds can be obtained several years earlier—in spite of claims to the contrary by supporters of S. 555.

Under the FPC plan, the Government retains ownership of the dam and reservoir site, and the water rights are left within the States affected. Only a limited revocable license is issued to the privately owned public utility, which must construct and operate the power facilities required. Hence, there is absolutely no justification for the charge of an alleged giveaway of this Federal power resource.

WOULD COMPETE WITH BONA FIDE RECLAMATION PROJECTS

14. If the project proposed in S. 555, including both transmitting and generating facilities, is built in 6 years, as the proponents contend it will be, the high Hells Canyon project would require nearly $100 million a year in reclamation appropriations. Total reclamation construction funds requested in the 1958 Presidential budget amount to only $156 million for all 17 Western States, and efforts are being made in some quarters to reduce this amount.

Explanation: Self-explanatory.

TAX INCREASE MAY ELIMINATE ADVANTAGE

15. The rapid tax amortization granted Idaho Power Co. is no giveaway as charged.

Proponents of high Hells Canyon are seeking to build a smokescreen on the granting by the Office of Defense Mobilization of a rapid tax amortization certificate to Idaho Power Co. on the Brownlee and Oxbow plants.

The minority feels that the merits and demerits of the tax-amortization program have no direct bearing on the authorization of a Federal power dam on the Snake River. This defense-building incentive program was authorized by Congress during the Truman administration, and the legislation has been left, in effect, by the Democratic 84th and 85th Congresses. Both President Eisenhower and Treasury Secretary Humphrey have announced their opinion that this Korean war legislation should be reviewed and a major part of the program curtailed.

It is significant that tax-amortization certificates have been granted to some 913 privately owned utilities throughout the country, including the Pacific Northwest. Hence, the granting of such a certificate to Idaho Power Co. was not a precedent by any means.

CERTIFICATE TERMS DESCRIBED

Furthermore, it should be considered that the certificate merely permits the Idaho Power Co. to amortize 65 percent of its investment on 2 dams in 5 years instead of the customary 20 to 30 years. This means that, in the event of tax increases between 1963 and 1978 or 1988, the company may actually pay more in taxes than it would have had to pay if the amortization period were extended over the entire first 20 to 30 years of the project repayment. In addition, the 2 dams must be completed in 1958 in order for the firm to qualify for the certificate.

And since this is a regulated public utility, if any savings in company operations result from this transaction, the overall savings would have to be passed on to the power customers in the utility's area. It should be considered, however, that the firm is undergoing heavy expense in investing $133 million in the new facilities, a private investment which will make it possible for the Federal Government to forego the necessity of spending more than a half billion dollars in the Hells Canyon area. These private facilities, moreover, will contribute flood-control benefits valued at $1 million annually, and public recreational and navigation values worth many million dollars more. It also contributes a windfall of potential increased power production to Federal plants downstream from Hells Canyon.

TAX AMORTIZATION GRANTS TO NORTHWEST INDUSTRIES

By contrast, among the tax amortization grants extended in the Pacific Northwest was one to Anaconda Aluminum Co. at Butte, Mont. This company not only will receive a subsidy of a hundred million dollars' worth of below-cost power from Hungry Horse, but also received in 1952 a rapid-tax-amortization certificate for 85 percent of its $65,250,000 aluminum plant.

From the same Hungry Horse project, Montana Power Co. obtains a million dollars worth of power annually at a rate one-third below the at-site cost. In addition to this total rate subsidy of $16 million, Montana Power has received 3 tax-amortization certificates between 1951 and 1956, for a total of $11,285,000, or nearly half of the firm's investment in new power facilities.

And farther down the river, the Harvey Machine Co., in December 1953, received a rapid-tax-amortization certificate for $55,462,000, or 85 percent of the cost of its new aluminum plant at The Dalles, Oreg. This concession to an industry which operations and profits are not State-regulated, as is the

case with public utilities, was granted, in addition, a below-cost rate of 1.72 mills for power, which in 50 years will amount to a subsidy of $300 million.

This type of public generosity apparently is fine for the States of Montana, Oregon, and Washington—because no one from that area has complained of it publicly—but a lesser concession in the State of Idaho is being criticized today as morally reprehensible, or worse.

It is also surprising that backers of high Hells Canyon Dam would object to a defense production incentive for Snake River power facilities. The authorizing section of virtually every Hells Canyon Dam bill, including S. 555, stresses the national defense values of this proposed project.

HIGH HELLS CANYON BACKERS AFFIRM DEFENSE VALUES

In the Senate hearings, Representative GRACIE PFOST made this statement of the importance of Hells Canyon power to national defense:

"We have learned once again how close the world teters on the brink of conflict—and we know that might and force are still the universal language. We remember what Bonneville and Grand Coulee meant to us during World War II, and we realize that only by continuing to be the arsenal of democracy can our voice be truly effective in a grave and uncertain future. Huge blocks of low-cost power, such as the high Hells Canyon Dam would provide, lend considerable authority to that voice."

In view of the urgent need for large blocks of new power in the Pacific Northwest, as persistently proclaimed by many supporters of the high Hells Canyon project, we fail to see how these individuals can justify destruction of a partially built project that can produce comparable power and start delivery of it in 1958 in favor of a project that cannot be in production to the same level until 1964. Furthermore, we fail to see how they can now consistently attack the ODM tax-amortization action of the three-dam Hells Canyon project as not being justified for defense needs.

M'NARY CONSTRUCTION POWER USE QUESTIONED

16. Section 3 (c) of S. 555 directs the Secretary of the Interior to supply and transmit from the McNary Dam, many miles downstream, the necessary construction power for the Hells Canyon Dam, in spite of the fact that the Secretary of the Army has specifically stated that "the purpose of this provision is not clear and might prove undesirable from an economic standpoint."

This objection from Secretary Brucker is included in a letter to Chairman MURRAY of the Senate Committee on Interior and Insular Affairs, dated March 4, 1957, and reproduced in the Senate hearings on S. 555.

ARTHUR V. WATKINS.
HENRY C. DWORSHAK.
FRANK A. BARRETT.
BARRY GOLDWATER.

Mr. DIRKSEN. Mr. President, I yield myself 10 minutes.

It was just 11 months ago, almost to the day, that we considered the Hells Canyon issue. It was defeated in the Senate by a vote of 51 to 41. I have been looking over the yea and nay vote at that time. It is rather interesting. Probably I should ask at an appropriate time that it be made a part of my remarks.

I listened also with interest the other day to a very lengthy speech by a very distinguished Member of the Senate who seemed to be experiencing some spiritual agony about it. I can well understand his agony, because in Idaho, it would appear from letters I have seen, Hells Canyon was regarded as a dead issue in October 1956. But in 1957 it certainly becomes a glorious issue again.

All we have to do, I think, is to recite the facts. The first plans of Idaho Power Co. were made in 1946. That was 11 years ago. There is nothing new about this project. They applied to the Federal Power Commission for their preliminary permits in 1947. That was 10 years ago. All that was done in the light of day.

Then came their license applications—their formal applications for licenses. The first one was in 1950; the second one, in 1953. That was 7 years ago and 4 years ago, respectively, that the company made the applications. The hearing was the longest in the history of the Federal Power Commission. As I recall, there were 20,000 pages of testimony in the transcript.

The hearing was conducted by regular procedures. I read from page 23 of the Federal Power Commission findings:

On the contrary, these applications were processed in accordance with usual Commission procedures and when the applicant has made any change or addition to its original proposals, amendatory or supplementary applications have been filed with the Commission.

There was nothing extraordinary about that. The application was considered like any other application before the Commission.

Then, the findings are here for anyone to see. They consist of two short paragraphs, on page 19. The Commission said:

For the reasons heretofore stated, it is our judgment that the United States itself should not undertake the development of the water resources of the Hells Canyon reach of the Snake River for public purposes.

That was the Commission speaking, after the taking of thousands and thousands of pages of testimony before their examiner.

The Commission said one thing more:

Most of what we have already said indicates that the applicant's three-dam proposal is best adapted to a comprehensive plan of development as required by section 10 (a) of the Federal Power Act * * *.

If that is not conclusive, then I have not seen any conclusive language anywhere, at any time.

There was their finding. They were ready to go ahead. The finding was in the public interest. But the company was before the Supreme Court, and it did not get out of the Court until April of this year. But at last the writ of certiorari was denied, and then the Idaho Power Co. was ready to go ahead.

Then came the question of the certificate. Mr. President, how long ago do you think it was when the company made its application for the certificate? It was in 1953.

It was stated that the company's dams would be built at no cost to the taxpayers of the country. Quite true, that was an assertion before the Federal Power Commission; but it had nothing to do with the Office of Defense Mobilization.

Much was made of the statement by the president of the Idaho Power Co. that they had faint hope. That statement was based on the possibility of completion in 1956. But after the company was ready to go ahead, then came the suspension of the goals in December. Later the goals were reopened. Later they were suspended again. Later they were again reopened.

It is said that the estimate of the power which would be required had been pushed up. However, when the war in Korea was over and when the goals were suspended, certainly there was faint hope.

Mr. Roach, the president of the Idaho Power Co., was under obligation to the consumers, to the customers of his company. It has 130,000 customers in 75 communities. Mr. Roach has been in the power business for a great many years, and he made one of the best witnesses I ever saw appear before the committee.

Mr. THYE. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. GORE in the chair). Does the Senator from Illinois yield to the Senator from Minnesota?

Mr. DIRKSEN. I yield briefly.

Mr. THYE. The distinguished Senator from Illinois has been privileged to attend many of the hearings. What is the estimated cost per ton which would be saved if the high Hells Canyon Dam was constructed, as compared with the cost if the three low dams to which reference has been made were constructed?

Mr. DIRKSEN. The cost per ton of what?

Mr. THYE. The cost per ton of commercial fertilizer.

Mr. DIRKSEN. I do not know; no testimony on that particular question was taken before our committee.

Mr. THYE. There have been statements to the effect that if the low dams were constructed, the cost would be increased by $15 a ton. I have searched for facts in connection with that statement, but I have not been able to find them. I repeat the statement now on the floor of the Senate, in the hope that some Senator will be able to answer my question, because I cannot make sense out of that charge.

Mr. DIRKSEN. Mr. President, that matter was outside the jurisdiction of the committee, so no testimony on it was adduced there.

But much testimony was adduced on the question of tax writeoffs. It was made to appear that the company came in with unclean hands. But the company was in court for 4 years, where all the world could see.

Now it has been stated that the company has rejected the tax-writeoff certificates. But what compensation does the company receive for rejecting them? It is subject to nothing but suspicion, as is evidenced by statements made on the floor of the Senate. It has been stated that the company could not reject the certificates. It has also been stated that if the company did reject the certificates, later it could go into court and could obtain relief by way of an injunction.

Mr. GOLDWATER. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. GOLDWATER. The Senator from Illinois is a member of the Appropriations Committee. Can he state whether any funds have been appropriated to cover any of the losses which would be sustained, as alleged, if the tax amortization went through?

Mr. DIRKSEN. I have not seen any appropriation of that sort.

Mr. GOLDWATER. Is it not a misstatement for anyone to suggest that $339 million would be given this company?

Mr. DIRKSEN. A fancy gimmick of compounding the interest for 50 years was used. But if that is to be done, then let the cost of the high dam be compounded for 50 years. If that were done, the sum would be so astronomical that the mind of man simply could not comprehend it.

Mr. GOLDWATER. Furthermore, inasmuch as the $339 million represents 48 percent of the taxes which would be paid, would not 52 percent be $367 million?

Mr. DIRKSEN. Exactly so.

Mr. President, before the time available to me expires, I wish to read a statement made by the president of the Idaho Power Co. in response to a question asked by the Senator from Wyoming [Mr. O'MAHONEY]. The question by the Senator from Wyoming was this:

Where is your crystal ball, Mr. Roach?

Mr. Roach replied:

I will guarantee this, Senator: $300 million of Federal taxes; State and local taxes, Oregon, Idaho, northern Nevada, $200 million.

The value of the flood control we are supplying free of cost to the Federal Government has been stated by the Army engineers to be worth at least a million dollars a year; for 50 years, $50 million.

The navigation benefits, $100,000 a year; and over 50 years, $5 million.

The Federal Power Commission estimated that the annual saving or the annual cost of the fish-handling facilities which otherwise would be a burden to the Federal Government, are $200,000 a year. Over a 50-year period, $10 million.

Then I asked, "Did you compound the interest on that, Mr. Roach?"

Mr. Roach replied, "No."

I said that he ought to do it, in view of the fact that these very fancy figures have been floating around. But there are tax benefits that add up to $565 million, and they have not been disputed.

But, Mr. President, the essential fact remains that the Federal Power Commission for months and months, after careful examination and exploration, unanimously issued these licenses on a matter that has been pending for nearly 11 years, where all the world could see; and the application for the tax amortization certificates was pending for 4 years. Yet an effort has been made to read mystery into that matter and to make it appear that something is radically wrong.

I never saw a witness before any congressional committee who was so candid and so frank and who presented his whole case in so persuasive a manner as did the man who is the guiding genius of the private power interest, which now is licensed to build the Oxbow, Brownlee, and Hells Canyon dams.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

The Senator from Illinois has 2 minutes remaining under his control.

Mr. DIRKSEN. Mr. President, I yield 1 minute to the distinguished Senator from South Dakota [Mr. CASE].

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 1 minute.

Mr. CASE of South Dakota. Mr. President, two issues seem to be before the Senate. One is the Hells Canyon proposal, on its own merits. The other is the tax-amortization matter.

Personally, I intend to vote, as I did before, to permit the use of private capital for the construction of the smaller dams, believing that I am not warranted in asking the reclamation funds or the taxpayers of my State to provide the funds needed for that purpose, when other capital is available.

However, I think the facts which have been developed by one of the Senate committees are important, and should not be ignored.

Therefore, I propose to submit the following resolution:

Resolved, That the Senate of the United States believes that tax-amortization certificates for accelerated depreciation should not be granted unless there is a clearly defined need of an increase of industrial potential for the purposes of national defense and that pending action on the comprehensive review undertaken by the appropriate committees of the Congress, all agencies having any responsibilities in connection with the granting of such certificates should suspend the processing of such applications and their granting forthwith.

The PRESIDING OFFICER. The time yielded to the Senator from South Dakota has expired.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that I may submit the resolution at this time, for appropriate reference.

The PRESIDING OFFICER. Is there objection?

There being no objection, the resolution (S. Res. 150) was received and referred to the Committee on Finance.

The PRESIDING OFFICER. The Senator from Illinois has 1 minute remaining under his control.

The Senator from Texas has 6 minutes remaining under his control.

Mr. DIRKSEN. Mr. President, before the vote is taken, I wish to say that the distinguished junior Senator from North Dakota [Mr. YOUNG] is detained in the departments downtown, this afternoon, as a result of a need to look after constituents who have been disastrously affected by a tornado which struck the city of Fargo, N. Dak. It may be impossible for the Senator from North Dakota to return to the Chamber in time to vote, but I think this fact should be noted for the RECORD.

Mr. JOHNSON of Texas. Mr. President, I should like to suggest to the distinguished acting minority leader that in cases of this kind, we are always glad to cooperate. There will be a quorum call at 4:15 p. m. We shall have the quorum call proceeded with slowly, so that notice may be given to any absent Senator. I do not anticipate we shall have it before 5 o'clock. So that will allow almost 1 hour. I ask the aids on each side of the aisle to get on the telephone immediately and notify any absent Senator, whether he is for the bill or against the bill, that a quorum call will be started at 4:15 p. m. We will ask that Senators be present for the quorum call, and after a quorum is obtained, then we will have the yeas and nays on the bill.

The PRESIDING OFFICER. Does the Senator from Illinois wish to yield back the time remaining to him?

Mr. DIRKSEN. I yield back the time remaining to me.

Mr. JOHNSON of Texas. Mr. President, I yield myself the remaining time.

Mr. MANSFIELD. Will the Senator yield to me before he starts?

Mr. JOHNSON of Texas. Yes.

Mr. MANSFIELD. There has been a good deal of talk on the other side of the aisle about tax losses inherent in the building of a high Hells Canyon structure. I think Senators ought to examine the photographic map in the back of the Chamber and see how much taxable land will be taken out of production, and then take a look at the topographic map on the other side. May I illustrate by saying that the building of Hungry Horse Dam resulted in a loss of $5,000 a year in taxable property, but as a result of the construction of that dam there has been an increase in the assessed valuation of Flathead County, Mont., from $32 million to $87 million. As a result of that dam a new aluminum plant has been built, employing 700 people on a year-round basis, as well as a phosphate plant in Silver Bow County employing 400 people. The tax base has been broadened. More people and industries are paying taxes, electric rates for the REA's have been reduced, and prosperity has been brought to that area. I think the same thing that happened as a result of Hungry Horse Dam will happen if a high Hells Canyon Dam is constructed. I hope the measure now before us, S. 555, will be adopted.

Mr. JOHNSON of Texas. Mr. President, I cannot yield any more time, because I have very limited time, and I wish to be able to complete my statement.

Mr. President, I rise to support the Hells Canyon bill.

I do so not because of any abstract philosophy as to public or private power. My position is based solely upon my judgment—after examining the facts—that this specific measure best serves the interests of our people.

My attitude toward public and private power has always been that there is need for both and room for both. I think we must go carefully into every project that is proposed and decide which method—in a specific case—does the best job for the people.

Mr. President, I expect there will come before the Senate next week the Niagara power measure and the TVA measure,

both of which are somewhat controversial, and I expect the membership to resolve those controversies solely on the basis of what is best for all the people.

The last minute decision of the Idaho Power Co. to relinquish its tax amortization privileges does not alter my position.

It seems to me that if the company had a just case for accepting the privilege, it should have stuck by its guns. If it did not have a just case, it should not have applied for the privilege originally.

The unexpected and dramatic announcement—right on the eve of a vote—is not very impressive. At best, it merely raises a question in my mind as to the merits of the company's whole case.

But it does not alter the basic facts that emerge from comparing the proposal in this bill with the plans of the private power company.

The Federal dam would produce twice the power at half the cost to the consumer.

The Federal dam would produce almost four times the amount of active storage for flood control.

The Federal dam would have a benefit-to-cost ratio of 1.83 to 1—compared to a ratio of 0.91 to 1 for the private power project.

These are facts—facts taken directly from the report of the Federal Power Commission examiner who held 150 days of hearings on the project.

I do not agree with his nontechnical recommendations. But the engineering facts and estimates speak for themselves. I ask unanimous consent that they be printed in the RECORD at this point in my remarks.

There being no objection, the findings were ordered to be printed in the RECORD, as follows:

Summary of the FPC examiner's comparative findings for Hells Canyon Dam and the three-dam plan

Item	High Hells Canyon Dam	Idaho Power Co., 3 dams [1]
1. Power output (prime kilowatt).	924,000	505,000.
2. Power costs (per kilowatt-hour).	2.7 mills	6.69 mills.
3. Active storage (acre-feet)	3,880,000	1,000,000.
4. Flood-control benefits (annual).	$2,300,000	$1,000,000.
5. Navigation benefits (annual)	$189,000	$108,000.
6. Recreation benefits (number annual visitors).	500,000–650,000	250,000–325,000.
7. Power revenues for aid to future reclamation.	Yes	No.
8. Availability of power to entire region.	Yes	No.
9. Development of phosphate fertilizer.	"The high-dam project, by providing power at low rates, might be expected to stimulate large-scale development of the phosphate resources and large-scale expansion of fertilizer production" (examiner's finding No. 159).	"The 3-dam plan would stimulate less phosphate development and less fertilizer production than the high-dam project" (examiner's finding No. 160).
10. Development of electroprocess industries.	"The high-dam project, because of its high volume and low cost power output, might be expected to stimulate the expansion of electroprocess industries to a greater extent than the 3-dam plan, including those which would utilize regional mineral resources" (examiner's finding No. 162).	(See examiner's finding No. 162 opposite.)
11. Cost of project (less transmission lines).	$353,740,000	$175,766,000.
12. The better investment	FPC examiner said: "The facts seem to point to the inescapable conclusion that with the marked and substantial advantage of the Government's credit the high dam would be dollar-for-dollar the better investment and the more nearly ideal development of the middle Snake."	
13. Benefit-to-cost ratio	1.83 to 1	0.91 to 1 (dividing the examiner's figures on annual value of power at market by the annual cost of power at market. This shows the 3-dam plan to be economically unfeasible.)

[1] In fact, the FPC and company have indicated that the 3d dam may never be built even if the FPC decision is not reversed.

Mr. JOHNSON of Texas. Mr. President, it seems to me that much of the opposition to the Federal project is based upon confusion as to the cost situation. The confusion arises from a failure to distinguish between initial cost and cost to the taxpayer.

The latest revised cost estimate of the high dam—including an expanded power plant—is $367 million.

But of this total cost, over 85 percent will be allocated to power. That means that this 85 percent will be repaid—with interest—over the 50-year pay-out period.

Only $55 million will be non-reimbursed Federal expenditures to cover the cost of such public benefits as flood control and recreation.

It seems to me that these are benefits well worth the money. Any Texan can tell you from harsh experience that money spent for flood control is money well spent indeed.

Moreover, we should look beyond the pay-out period, when about 90 percent of the power revenues will be net profit to the taxpayers. In the long run, this project does not represent a drain upon our pocketbooks.

Mr. President, the arguments that favor construction of the Federal dam at Hells Canyon appear to me to be compelling.

The Federal dam provides the fullest use of the water resources available in the area.

The Federal dam provides the greatest benefits at the lowest cost to consumers.

And finally—and I think this is an important factor—all the evidence indicates that the people of the area desire the Federal dam.

I am a strong advocate of granting the people of an area the strongest possible voice in determining their own destiny. They have made their wishes clear in 2 gubernatorial, 3 senatorial, and a number of House elections.

As one who has always felt that the people of my State should have a strong voice in working out their own problems, I believe that the people of the Northwest should also have a strong voice in working out their own problems.

Mr. President, on the basis of the record, the Federal dam appears to me to be the best course of action for all of our people. For that reason, it shall have my affirmative vote.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	Morse
Allott	Goldwater	Morton
Anderson	Gore	Mundt
Barrett	Green	Murray
Beall	Hayden	Neuberger
Bennett	Hennings	O'Mahoney
Bible	Hickenlooper	Pastore
Bricker	Hill	Payne
Bush	Hruska	Potter
Butler	Humphrey	Purtell
Byrd	Ives	Robertson
Carlson	Jackson	Russell
Carroll	Javits	Saltonstall
Case, N. J.	Johnson, Tex.	Schoeppel
Case, S. Dak.	Johnston, S. C.	Scott
Chavez	Kefauver	Smathers
Church	Kennedy	Smith, Maine
Clark	Kerr	Sparkman
Cooper	Kuchel	Stennis
Cotton	Langer	Symington
Curtis	Lausche	Talmadge
Dirksen	Long	Thurmond
Douglas	Magnuson	Thye
Dworshak	Malone	Watkins
Eastland	Mansfield	Wiley
Ellender	Martin, Iowa	Williams
Ervin	Martin, Pa.	Yarborough
Flanders	McClellan	
Frear	McNamara	

Mr. MANSFIELD. I announce that the Senator from Florida [Mr. HOLLAND] and the Senator from West Virginia [Mr. NEELY] are absent on official business.

The Senator from Oklahoma [Mr. MONRONEY] is absent because of illness.

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent because of illness.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate.

The Senator from California [Mr. KNOWLAND] is necessarily absent attending the wedding of his daughter.

The Senator from West Virginia [Mr. REVERCOMB] and the Senator from North Dakota [Mr. YOUNG] are absent on official business.

The Senator from New Jersey [Mr. SMITH] and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The PRESIDING OFFICER. A quorum is present.

The Senate will be in order. The Chair is not advised as to the need for so many guests in the Chamber of the Senate, and will ask the Sergeant at Arms to invite them to leave unless order is preserved.

The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and to be read the third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THYE (when his name was called). On this vote I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

Mr. JOHNSON of Texas (when his name was called). On this vote I have a pair with the distinguished minority leader [Mr. KNOWLAND], who is unavoidably absent. I wish to protect him. If I were at liberty to vote I would vote "yea." If he were present and voting he would vote "nay." I therefore withhold my vote.

The legislative clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. I announce that the Senator from Florida [Mr. HOLLAND] and the Senator from West Virginia [Mr. NEELY] are absent on official business.

The Senator from Oklahoma [Mr. MONRONEY] is absent because of illness.

The Senator from Oklahoma [Mr. MONRONEY] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Oklahoma would vote "yea" and the Senator from Indiana would vote "nay."

The Senator from West Virginia [Mr. NEELY] is paired with the Senator from West Virginia [Mr. REVERCOMB]. If present and voting, the Senator from West Virginia [Mr. NEELY] would vote "yea" and the Senator from West Virginia [Mr. REVERCOMB] would vote "nay."

The Senator from Florida [Mr. HOLLAND] is paired with the Senator from North Dakota [Mr. YOUNG]. If present and voting, the Senator from Florida would vote "nay" and the Senator from North Dakota would vote "yea."

Mr. DIRKSEN. I announce that the Senator from New Jersey [Mr. SMITH] and the Senator from Indiana [Mr. JENNER] are necessarily absent.

If present and voting, the Senator from Indiana [Mr. JENNER] and the Senator from New Jersey [Mr. SMITH] would each vote "nay."

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from Indiana [Mr. CAPEHART] would vote "nay" and the Senator from Oklahoma [Mr. MONRONEY] would vote "yea."

The Senator from California [Mr. KNOWLAND] is necessarily absent attending the wedding of his daughter, and his pair with the Senator from Texas [Mr. JOHNSON] has been previously announced.

The junior Senator from West Virginia [Mr. REVERCOMB] is absent on official business and is paired with the senior Senator from West Virginia [Mr. NEELY]. If present and voting, the junior Senator from West Virginia [Mr. REVERCOMB] would vote "nay" and the senior Senator from West Virginia [Mr. NEELY] would vote "yea."

The Senator from New Hampshire [Mr. BRIDGES] is absent because of illness and is paired with the Senator from Minnesota [Mr. THYE] as previously announced.

The Senator from North Dakota [Mr. YOUNG] is absent on official business and is paired with the Senator from Florida [Mr. HOLLAND]. If present the Senator from Florida [Mr. HOLLAND] would vote "nay" and the Senator from North Dakota [Mr. YOUNG] would vote "yea."

The result was announced—yeas 45, nays 38, as follows:

YEAS—45

Aiken	Hayden	Morse
Anderson	Hennings	Murray
Bible	Hill	Neuberger
Carroll	Humphrey	O'Mahoney
Chavez	Jackson	Pastore
Church	Johnston, S. C.	Russell
Clark	Kefauver	Scott
Cooper	Kennedy	Smathers
Douglas	Kerr	Smith, Maine
Eastland	Langer	Sparkman
Ellender	Long	Stennis
Ervin	Magnuson	Symington
Fulbright	Mansfield	Talmadge
Gore	McClellan	Wiley
Green	McNamara	Yarborough

NAYS—38

Allott	Dirksen	Martin, Pa.
Barrett	Dworshak	Morton
Beall	Flanders	Mundt
Bennett	Frear	Payne
Bricker	Goldwater	Potter
Bush	Hickenlooper	Purtell
Butler	Hruska	Robertson
Byrd	Ives	Saltonstall
Carlson	Javits	Schoeppel
Case, N. J.	Kuchel	Thurmond
Case, S. Dak.	Lausche	Watkins
Cotton	Malone	Williams
Curtis	Martin, Iowa	

NOT VOTING—12

Bridges	Johnson, Tex.	Revercomb
Capehart	Knowland	Smith, N. J.
Holland	Monroney	Thye
Jenner	Neely	Young

So the bill (S. 555) was passed, as follows:

Be it enacted, etc., That in order to foster comprehensive development of the resources of the Columbia River and its tributaries, and for the purposes, among others, of controlling and utilizing the Snake River and its tributaries for beneficial objects, including generation of hydroelectric power and energy for the national defense and other purposes, irrigation of lands, navigation and flood control, and for purposes incidental to any of the foregoing, including providing financial assistance to Federal reclamation projects, the Department of the Interior, under the supervision and direction of the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized and directed to construct, substantially in accordance with the physical plans set out in the reports referred to hereinafter as—

(a) the Hells Canyon Dam, as described in volume 2 of House Document No. 473, 81st Congress, and as modified by the report of the Commissioner of Reclamation, approved by the Secretary on May 11, 1951; and

(b) the Scriver Creek power facilities of the Payette unit of the Mountain Home division, as described in the report of the Commissioner of Reclamation, approved by the Secretary on May 11, 1951.

The Secretary in prosecuting his activities under this section and in operating and maintaining said projects shall, except as is otherwise provided in this act, be governed by the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and acts amendatory thereof or supplementary thereto).

SEC. 2. Notwithstanding the provisions of any other law, the operation of the Hells Canyon Dam shall not conflict with, and shall be subordinate to, present and future rights to the use of water for irrigation or other beneficial consumptive uses, whether now or hereafter existing, valid under State law, of the waters of the Snake River and its tributaries upstream from the dam and downstream.

SEC. 3. (a) In order to facilitate the development of the central and upper Snake River Basin, and also that of downstream areas, the Hells Canyon Dam and powerplant and the Federal Columbia River power system shall be interconnected, and 500,000 kilowatts of firm power attributable to the Hells Canyon project, or such portion thereof as is required from time to time to meet loads under contracts made within this reservation, shall be made available for use in central and upper Snake River Basin and to all other parts of Idaho lying outside the central and upper Snake River Basin.

(b) Electric energy available from Hells Canyon Dam and powerplant and the Scriver Creek power facilities not required for the operation thereof shall be marketed by the Secretary in accordance particularly with sections 1, 2, 3, 4, 5, 6, and 7 of the Bonneville Project Act of 1937, as amended (50 Stat. 731), dealing with transmission, distribution, sale, and rate schedules.

(c) The Secretary is authorized and directed to supply and transmit from the McNary Dam the necessary construction power for the Hells Canyon Dam.

SEC. 4. (a) The initial works of the projects authorized by section 1 of this act and any additional works or division, including the irrigation features of the Payette unit of the Mountain Home division, that may be authorized as hereinafter provided shall be treated as one project for the purpose, among others, of providing for the application of project revenues to the return of reimbursable costs in accordance with the provisions of the Federal reclamation laws. Federal reclamation developments proposed to be constructed in the central and upper Snake River Basin may be authorized as works of divisions of these projects but only if such authorization is specifically provided by an act of Congress. Recommendations by the Secretary with respect to such authorizations shall be made in connection with the Secretary's report and findings under section 9 of the Reclamation Project Act of 1939 (53 Stat. 1187), which report shall include findings as to the costs and benefits of the proposed developments and as to the effect of such authorization on the project's power rate structure. In the case of the irrigation features of the Payette unit of the Mountain Home division, such a report shall be made and transmitted to the Congress not later than during the term of the 85th Congress.

(b) The term "central and upper Snake River Basin" as used in this act shall mean the area comprising the drainage basin of the Snake River and its tributaries down to and including the Clearwater River.

SEC. 5. There are hereby authorized to be appropriated, out of moneys not otherwise appropriated, such sums as may be required to carry out the purposes of this act.

[Manifestations of applause in the galleries.]

Mr. RUSSELL. Mr. President, may we have order in the galleries?

The VICE PRESIDENT. The Chair reminds the guests of the Senate in the gallery that demonstrations of approval or disapproval are not permitted.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. MAGNUSON. Mr. President, I move to lay that motion on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Washington [Mr. MAGNUSON].

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, may we have order?

The VICE PRESIDENT. The Senate will be in order.

NATIONAL SYSTEM OF NAVIGATION AND TRAFFIC CONTROL FACILITIES

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 448, S. 1856.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill, S. 1856, to provide for the development and modernization of the national system of navigation and traffic control facilities to serve present and future needs of civil and military aviation, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of of the Senator from Texas.

The motion was agreed to, and the Senate proceeded to consider the bill, which had been reported from the Committee on Interstate and Foreign Commerce with amendments.

ORDER FOR ADJOURNMENT TO MONDAY

Mr. JOHNSON of Texas. Mr. President, I have agreed with certain Members of the Senate that if we concluded action on the bill which has just been passed by the Senate, there would be no further business transacted this evening, there would be no session tomorrow, and the Senate would adjourn until Monday.

Therefore, Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today—and I shall yield now only for insertions in the RECORD—that the Senate stand in adjournment until 12 o'clock noon on Monday next.

The VICE PRESIDENT. Without objection, it is so ordered.

SENATORIAL PARTICIPATION IN DISARMAMENT TALKS

Mr. JOHNSON of Texas. Mr. President, I have received two letters from the Secretary of State today, which should be of interest to all Members of the Senate. For their complete information, I will read the letters verbatim. The first letter is dated June 21, 1957, and reads:

JUNE 21, 1957.

Hon. LYNDON B. JOHNSON,
United States Senate.

DEAR LYNDON: I am enclosing herewith a formal request to you which is idential with a letter I am likewise sending Senator KNOWLAND.

In the light of some press reports which have indicated that there might be a divergence of views between you and myself on this matter, I want to make it quite clear that I have never felt that such a divergence existed and that, on the contrary, I have been most appreciative of your repeated efforts to further bipartisan cooperation in matters of international concern.

Sincerely yours,

JOHN FOSTER DULLES.

The second letter is dated June 21, 1957, and reads:

The Honorable LYNDON B. JOHNSON,
United States Senate.

DEAR SENATOR JOHNSON: You are aware that the United States has long considered the achievement of a sound and safeguarded disarmament agreement one of its most vital foreign policy objectives. We have persistently sought such an agreement in the United Nations and more recently in the negotiations in the subcommittee of the United Nations Disarmament Commission. This subcommittee is now meeting in London.

The course of the negotiations which are going on at the present time suggest the desirability of obtaining further senatorial participation in this important endeavor. Any agreement which might eventuate would, we hope, be of a scope and character which would require it to be submitted to the Senate as a treaty, for its advice and consent to ratification. It is my belief that senatorial participation at this juncture could contribute substantially to the achievement of the end result we seek. Accordingly, I ask that you and Senator KNOWLAND designate Members of the Senate who would study, observe, and, to the extent they desire, consult with appropriate officials engaged in these negotiations. While it is my judgment that it would be premature at this time for Senators to join the delegation at London, I hope that it will be possible for some of the designated Senators to participate in these talks if that becomes desirable. The President fully concurs in this request.

In making this request I should emphasize that whereas the Soviet position has moved closer to that of the United States in several respects in recent months, many important and difficult obstacles remain in the way of the achievement of even a limited agreement for the control of armaments. The Soviet Union has, in recent months, affirmed its readiness to seek a limited first-step agreement and to accept certain controls and verifications, and it is our hope that the Soviet position will further evolve so as to increase the prospects that a first-phase agreement of some worthwhile dimensions can be reached. Senatorial participation at this time will serve as a further earnest of the United States seriousness of purpose. It will demonstrate anew our consistent desire for an agreement which will reduce the threat of war and improve the outlook for a true and lasting peace.

If you agree, I will arrange for the appropriate briefings and other assistance.

I am sending a similar letter to Senator KNOWLAND.

Sincerely yours,

JOHN FOSTER DULLES.

Mr. President, because there has been considerable comment on the issues involved in senatorial participation at the London talks, I wish to make a brief statement elaborating on these letters.

Last week, the distinguished minority leader and I were approached by the Secretary of State. He requested that we set up an arrangement whereby certain Senators would be designated to attend the disarmament conference in London.

I told the Secretary that in line with our customary procedure, the Senate would be pleased to cooperate in advancing the foreign policies of this Nation. I raised four points, however, which I felt should be considered.

First, I felt it should be made clear that senatorial attendance could not become a matter of usurpation of an Executive responsibility and prerogative.

Second, I felt that the Senators should attend in the capacity of observers—rather than advisers making binding and advanced commitments for the Senate. In this connection, I feel it should be noted there is a distinction between giving advice and having the official status of an adviser.

Third, I felt that the difficulties of detaching Senators from the Senate floor during such a crucial period of the legislative session should be considered.

Fourth, I felt that in accord with established practices, the request should come from the President as head of the executive department, either directly or through the Secretary of State, with an indication of the urgency for senatorial attendance in London at a particular time.

By some, these reflections were construed as a rejection of the Secretary's request. I do not know how that interpretation arose as neither I nor the Secretary felt that way.

We were merely discussing the detailed questions involved in the request, as we frequently have done during the closing day of a legislative session.

It seems obvious to me that Congress should not usurp Executive functions. It seems obvious to me that Senators should maintain a position which will enable them to express an independent judgment when they consider a treaty that might grow from an international conference.

It seems obvious to me that in a closely divided Senate, Members should be called away only upon questions of urgency. It seems equally obvious that the request should come from the President, either directly or through the Secretary of State.

At any rate, these matters have now been cleared up. As the Secretary of State indicated in the letter I just read, he and the President believe it would be premature to have senatorial attendance in London at the present time.

Within a brief period, I shall designate—after consultation—Members of the majority. They will be charged with the specific responsibility of following the negotiations closely.

I might add that some time ago there was established a Subcommittee on Disarmament, composed of members of the Senate Committee on Foreign Relations, the Senate Committee on Armed Services, and the Joint Committee on Atomic Energy. The Subcommittee on Disarma-

ment, headed by the distinguished junior Senator from Minnesota [Mr. HUMPHREY], is made up of some of the most distinguished and able Members of the Senate. Only a few days ago they met at some length and received a full report from the Secretary of State and his assistant, Mr. Stassen, concerning the current status of the disarmament negotiations. The subcommittee is now, and has been all the time, ready, willing, and eager to receive any briefing or any report, and to consult at any time, anywhere.

At any time the President deems it essential that they go to London to participate in the conference, we shall cooperate.

It seems to me that we now have a complete meeting of the minds on all points. In line with the policy of this Congress—to cooperate responsibly on these questions—we now have an arrangement satisfactory to the President, the Secretary of State, and the leadership on both sides of the aisle.

I ask unanimous consent to have printed in the body of the RECORD as part of my remarks, a memorandum covering instances in the past where the President has requested senatorial participation in international conferences.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

NOTE ON PRACTICE OF NAMING SENATORS AS MEMBERS OF UNITED STATES DELEGATIONS TO INTERNATIONAL CONFERENCES

When individuals (including Senators) are named as official Members of United States delegations to international conferences, it is the normal practice for the President of the United States formally to issue them a commission for that purpose. In the case of United States delegations to annual meetings of the United Nations General Assembly, delegates are nominated by the President, subject to confirmation by the Senate as required by the United Nations Participation Act.

In past instances when Senators have been named as delegates to conferences culminating in the conclusion of a peace treaty—the Japanese peace treaty, for example—they serve under a Presidential commission. In such cases, there is no requirement that they be confirmed by the Senate.

Nonofficial records available indicate that Senators participating in the 1945 San Francisco Conference on the United Nations were invited to participate as members of the delegation by the President of the United States. Former Senator Connally has reported in his autobiography that "Roosevelt now asked me to serve as a member of the United States delegation to help write the United Nations Charter" (see Connally and Steinberg, My Name Is Tom Connally, p. 272). Senator Connally reported that he had advised the President to make the delegation bipartisan. Continuing, Connally wrote: "As a result, he (President Roosevelt) agreed to appoint two Senators and Representatives as Congressional delegates to the future Charter Conference" (p. 272).

The Private Papers of Senator Vandenberg discuss at some length problems that arose during the period when Senator Vandenberg was considering whether or not to accept an invitation from President Roosevelt to participate in the San Francisco Conference. (See The Private Papers of Senator Vandenberg, edited by Arthur H. Vandenberg, Jr., pp. 146 and following). The following excerpt may be noted:

On February 13, 1945, the State Department announced that the Senator had been named as a delegate to the United Nations Conference. Vandenberg did not immediately accept" (pp. 146–147).

On February 15, Vandenberg wrote to President Roosevelt as follows: "I take the liberty of inquiring what specific commitments, if any, would be implicit in my acceptance of this designation; and whether I might feel that I would not violate your commission or your expectations if I freely present my own points of view to our delegation and if I reserve the right of final judgment upon the ultimate results of the conference" (p. 149).

On February 17, Vandenberg wrote to Dulles that: "I cannot go to this conference as a stooge. * * * I do not think the Republican Party can make a graver blunder than to decline senatorial cooperation (under appropriate circumstances) when it is tendered by the President in a critical case of this nature and at such a critical moment."

On March 5, 1945, Vandenberg issued a press release reading in part as follows: "Following an exchange of cordial and satisfactory personal letters with the President, clarifying my right of free action I am glad to say that I have accepted this invitation" (p. 154).

Subsequently, after the death of Roosevelt, President Truman told the delegation "there would be no changes in the delegation" (p. 169).

One final point might be noted. Edward S. Corwin in his book The President: Office and Powers, notes that "beginning with Washington, Presidents have practically at discretion despatched 'secret' agents on diplomatic or semidiplomatic missions without nominating them to the Senate; while at other times they have, with or without the consent of the Senate, designated Members of that body or of the House to represent the United States on international commissions."

INVITATION TO SERVE AS DELEGATES TO THE UNITED NATIONS CONFERENCE AT SAN FRANCISCO

Letter from President Roosevelt to Secretary of State Stettinius, Hon. Cordell Hull, Senator Connally, Senator Vandenberg, Representative Bloom, Representative Eaton, Comdr. Harold Stassen, Dean Virginia Gildersleeve:

"I take pleasure in inviting you to serve as a member of the Delegation of the United States to the United Nations Conference which is to meet at San Francisco on April 25, 1945, to prepare a charter for a general international organization along the lines proposed in the informal conversations at Dumbarton Oaks. You will understand, I am sure, that the sending of this invitation several days after the public announcement is due to the unavoidable delay in my return to Washington from the Crimea Conference.

"I feel certain that this important conference bringing together all the United Nations which have so loyally cooperated in the war against their common enemies will successfully complete the plans for an international organization through which the close and continuing collaboration of all peace-loving peoples may be directed toward the prevention of future international conflict and the removal of the political, economic, and social causes of war.

"I am confident that as a member of the delegation you would effectively contribute to the realization of the hopes and aspirations of the American people for an international organization through which the Nation may play its full part in the maintenance of international peace and security."

(Above letter dated February 28, 1945.)

Mr. JOHNSON of Texas. I have had some difficulty in understanding the Secretary's letter since at one point it reads:

It is my belief that senatorial participation at this juncture could contribute substantially to the achievement of the end result we seek.

At another point the letter emphasizes:

Senatorial participation at this time will serve as a further earnest of the United States seriousness of purpose.

Apparently, however, the Secretary has in mind that Senator KNOWLAND and I "designate Members of the Senate who would study, observe, and consult." I assume he means their activities will be confined to the United States for the present.

I am not clear as to why members of the existing disarmament subcommittee should not serve this consultative purpose. They have been working hard on the subject for 2 years under the able chairmanship of Senator HUMPHREY.

If the Secretary and the President, however, desire specific designees, I shall be glad to accommodate them.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. There has been some preliminary discussion of the matter, and I recall distinctly the emphasis which was placed upon the items set forth by the majority leader: the necessity for always having proper respect for the separation of powers, so that there will be no encroachment upon the executive by the legislative branch; and to be certain that the emphasis in every case be that Senators act in their capacity as observers rather than to act as participants.

I know from my discussions with the majority leader, with the chairman of the minority conference, and others, that Senators on this side of the aisle are fully ready to cooperate at the appropriate time and are prepared to name Senators who would attend the conference pursuant to the request of the Secretary of State and, I think, at the request of the President of the United States.

Mr. JOHNSON of Texas. I deeply appreciate the statement of my friend, the acting minority leader. So far as I am aware, there has never been any difference between the minority leader [Mr. KNOWLAND] and the majority leader with regard to the importance of the selection of representatives.

We have discouraged Senators from being away from the Chamber during the last days of a session. It has not been necessary to discourage them, because very few Senators are willing to leave except with the understanding that their rights will be protected during their absence. However, at any time the President and the Secretary of State feel that we can make a contribution, we certainly want to do so. We would do so only at their invitation and with the assurance that matter was of the greatest urgency.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. HUMPHREY. I thank the Senator from Texas, the distinguished majority leader. I want the RECORD to show that the majority leader has consulted very carefully with the Members of the Senate who are deeply involved in these matters by way of their assignments to the Committee on Foreign Relations, the Committee on Armed Services, and the Joint Committee on Atomic Energy. I should like the RECORD to show that the minority leader, likewise, has been extremely cooperative. There has been no effect on the part of anyone in the Senate to bypass constituted authority.

The Senate Subcommittee on Disarmament is a bipartisan committee of 12 members, 6 Democrats and 6 Republicans.

I suggest to the distinguished acting minority leader that with his observations as to the role of Senators at such a conference, if their attendance is required, the junior Senator from Minnesota fully agrees, and, I gather, the majority or all the Members of the Senate agree—in other words, that there should be participation, if needed and if requested; but the participation should be in the role of observers and, as the Secretary of State has noted, as consultants, if advice and counsel are sought.

Let me assure the Secretary of State and the President of the United States, and also let me assure the majority leader and the minority leader, that the Senate Subcommittee on Disarmament is prepared at all times to work with Mr. Stassen, with whom it has always worked in the closest cooperation; that the subcommittee is prepared to work with and consult with, and to do whatever else it possibly can to be of assistance, with the Secretary of State or any of his assistants. We are prepared to receive and review documents, cables, and other information, on the basis of being informed and on the basis of consultation.

If the majority leader and the minority leader feel that further representation is needed, I should like to have both of them know that the members of the Subcommittee on Disarmament, or at least its chairman, will feel that that is a decision which rests solely in their hands, and that it will be respected.

There is no attempt on the part of anyone to do anything but cooperate.

I read with considerable interest, and some dismay, yesterday, an editorial which was published in one of the great newspapers of this city. I felt that the editorial was unfortunate. I wish to state for the record that, as chairman of the subcommittee, I have worked in the closest cooperation with Mr. Stassen, both in public and in private sessions. At no time has there been any desire or effort to play politics or to interfere with the good work he is attempting to fulfill. The wishes of the Senator from Minnesota are for success at the conference at London—success for effective disarmament and success for the policies of the United States of America.

I wish to commend the majority leader for the diligence with which he has pursued this subject. It has been a delicate one; and it has also been one which has been misunderstood, I regret to say. But the position the majority leader has taken is a sound one, and one in which I am confident the Senate concurs.

Mr. THYE. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. THYE. Mr. President, I believe in a bipartisan attitude regarding these matters, as has just been stated by the Chairman of the Disarmament Subcommittee. But I believe that if and when there comes a time when specific agreements will be made among nations, a representation of the United States Congress or of the United States Senate should be present. I believe that will do much to assist in bringing about a general understanding of what the United States is committing itself to.

We are dealing with a most vital question, namely, disarmament; and that question will be negotiated with the Soviet Union and with other nations. It is necessary that there be a disarmament program. I believe that the steps now being taken in connection with the conference in London are bringing about confidence and understanding on the part of the people of many countries, who are pleased at the progress of the conference. When there is a final agreement, I believe a Senate delegation will be most helpful in allaying any fear that the United States would be committing itself to any arrangement which would not be desirable.

So I believe that the designation of a delegation, in order to have it ready to attend such a conference, whether in Great Britain or elsewhere, is most timely.

Mr. SPARKMAN. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. SPARKMAN. Mr. President, I wish to ask the majority leader for clarification in the case of one matter. I listened to his reading of the letter, and the statement was repeated several times. But I am not quite clear about the point that the attendance of Senators at the present time would be premature. Did I correctly understand the Senator from Texas?

Mr. JOHNSON of Texas. Yes.

I read that part of the letter again:

> While it is my judgment that it would be premature at this time for Senators to join the delegation at London, I hope that it will be possible for some of the designated Senators to participate in these talks if that becomes desirable.

Mr. SPARKMAN. In other words, this is merely an alert for later on; but the letter does not call for active participation at this time; is that correct?

Mr. JOHNSON of Texas. The letter does not call for active participation at London at this time; it says it would be premature. We have provided for adequate participation in the view of the majority leader. But the majority leader has found, from one morning to an other, a change of arrangements, and sometimes certain Members have been designated for him without his knowledge and his consent. I do not say the Secretary of State has done that; but I refer to the news stories, and otherwise.

I may say that I was never asked about who might serve on the delegation.

I have always consistently expressed the hope that consultation would be carried on so far as possible in the Nation's Capital. In other words, if the President can be briefed each morning on these consultations and if the Secretary of State can be briefed on them, I assume that the Senate Subcommittee on Disarmament can be briefed on them. I assume that that applies likewise to our experts in the field of foreign relations and in the field of armed services and in the field of atomic energy.

But if it became urgent for these Members to go to the Conference, then I wanted the President to say so, just as President Roosevelt said to Senator Vandenberg in 1945. In that connection, I may quote from the letter which Senator Vandenberg wrote to President Roosevelt on February 15, 1945:

> I take the liberty of inquiring what specific commitments, if any, would be implicit in my acceptance of this designation; and whether I might feel that I would not violate your commission or your expectations if I freely present my own points of view to our delegation and if I reserve the right of final judgment upon the ultimate results of the Conference.

On February 17, Senator Vandenberg wrote to Mr. Dulles:

> I cannot go to this conference as a stooge. * * * I do not think the Republican Party can make a graver blunder than to decline senatorial cooperation (under appropriate circumstances) when it is—

I emphasize these words—

> tendered by the President in a critical case of this nature and at such a critical moment.

On March 5, 1945, Senator Vandenberg issued a press release reading in part as follows:

> Following an exchange of cordial and satisfactory personal letters with the President, clarifying my right of free action, I am glad to say that I have accepted this invitation.

Subsequently, after the death of President Roosevelt, President Truman told the delegation that there would be no changes in it.

One final point might be noted. Edward S. Corwin, in his book The President: Office and Powers, notes that—

> Beginning with Washington, Presidents have practically at discretion dispatched "secret" agents on diplomatic or semidiplomatic missions without nominating them to the Senate; while at other times they have, with or without the consent of the Senate, designated Members of that body or of the House to represent the United States on international commissions.

Senator Connally has reported in his autobiography that—

> Roosevelt now asked me to serve as a member of the United States delegation to help write the United Nations Charter—

And so forth. We have adequate precedents; but we were trying to determine on what basis, at what time, in what number, we should do what?

The Secretary has made it clear, this afternoon, what he desires done, namely, for the time being to consult with Members of the Senate who are interested in this subject, and to receive our suggestions and to keep us aware of what is developing. I think this is highly commendable. If it becomes necessary for

a delegation to go abroad, then I shall select from the membership of the Subcommittee on Disarmament and the Foreign Relations Committee and the Armed Services Committee and the senatorial representation on the Joint Committee on Atomic Energy, Members of the Senate to carry out that mission, if three members from the majority can go. If not, then we shall have to select one at a time.

Mr. SPARKMAN. Mr. President, will the Senator from Texas yield further to me?

The PRESIDING OFFICER (Mr. CURTIS in the chair). Does the Senator from Texas yield further to the Senator from Alabama?

Mr. JOHNSON of Texas. I yield.

Mr. SPARKMAN. I wish to say that, as the distinguished majority leader knows, and as all other Senators know, he did talk with members of the Disarmament Subcommittee and members of the Foreign Relations Committee, although of course I have no way of knowing what other Senators he talked with. But is it not true that from the very first, the majority leader took exactly the same stand he has taken here this afternoon, and the same stand that was taken by Senator Vandenberg?

Mr. JOHNSON of Texas. That is correct.

Mr. SPARKMAN. In other words, that there should be a little more to it than merely a telephone call or a suggestion carried through the press?

Mr. JOHNSON of Texas. I may say there have been more than telephone calls. I have had numerous conferences with the Assistant Secretary of State, and with the Secretary of State himself. I thought that we were reasonably close to agreement, and I thought that agreement was in accord with the previous practices of the Senate, and I did not think it would require Members of the Senate to be absent at this time. Subsequently, interpretation was placed on my remarks that indicated I was less than enthusiastic about even participating in the matter. Nothing could be further from the fact.

Mr. SPARKMAN. Mr. President, will the Senator yield further?

Mr. JOHNSON of Texas. Yes, indeed.

Mr. SPARKMAN. I want to say that I felt the treatment of this matter in many parts of the press was most unfair so far as the majority leader was concerned.

Mr. JOHNSON of Texas. The majority leader realizes that happens at times.

Mr. SPARKMAN. As a matter of fact, he was simply trying to establish the proper liaison, as has been done by many of the majority leaders who have preceded him.

Mr. JOHNSON of Texas. Can the Senator from Alabama imagine the cry that would go up if the Senator from Texas sought to recommend that six Senators leave before the vote yesterday or before the vote today, and have them away from town, except upon the request of the President, and except upon a matter of the greatest urgency?

Mr. SPARKMAN. In spite of all the outcry, Senators are not desired in London, are they? The urgency has not at all been shown to be the kind of urgency that many columnists and writers tried to insist it was.

Mr. JOHNSON of Texas. Mr. President, I do not want to get into any argument with columnists or newspapers.

Mr. SPARKMAN. I do not want to, either.

Mr. JOHNSON of Texas. I find myself in enough difficulty with them already without wanting to aggravate it; but I will say this: From the time the matter was first broached to me I have thought that the Secretary of State and the leadership on both sides of the aisle were in reasonable agreement. I thought that we understood each other and understood the problems that were facing us. The only question was, Would it be helpful to our national interest for a delegation of Senators to be present in London? There had been some indications that it would be helpful. So I said, if that is true, and if the President so indicates, or if the Secretary indicates, with the knowledge and concurrence and approval of the President, then I will be prepared to take prompt action.

Mr. SPARKMAN. If the Senator will yield once more, and then I shall be through——

Mr. JOHNSON of Texas. I yield.

Mr. SPARKMAN. Frequent mention has been made of the Subcommittee on Disarmament. I count it a privilege to be a member of that subcommittee, but I particularly want to pay tribute to the chairman of the subcommittee, the Senator from Minnesota [Mr. HUMPHREY], and I wish to say a tremendous job has been done by that subcommittee. Much work has been carried on, and excellent reports have been made. I feel that considerable progress has been made in the line of moving toward something that may at long last be tangible. I think much credit should go to the Senator from Minnesota.

I am using that statement as a predicate to this statement to the majority leader: The life of the committee is about to expire; I believe that one of the most important things that we could do would be to extend the life of that committee. My own feeling is, and I want to say it now for the RECORD, that the life of the committee ought to be extended as long as there is some hope of accomplishing some result in the field of disarmament.

Mr. JOHNSON of Texas. I share completely the views expressed by my able friend from Alabama. He may be assured of my absolute, complete, and enthusiastic cooperation to that end.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield now to my delightful friend from Rhode Island.

Mr. PASTORE. I want to applaud the distinguished majority leader for the position he has taken, not only today, but in all his discussions with the State Department with reference to this very delicate situation. I think he is perfectly right. I wish to add a rejoinder to the statement made by our distinguished colleague, the Senator from Alabama, in praising the chairman of the subcommittee, the Senator from Minnesota [Mr. HUMPHREY]. I think if the subcommittee has served any purpose at all—and certainly it has served many, many noble purposes—it has been in creating an adequate liaison between the Senate and the executive department. On the last return of Mr. Stassen to the United States, he was invited to come before the subcommittee, and the chairman of the subcommittee took the pains and the trouble not to confine that meeting only to the members of the Subcommittee on Disarmament, but, indeed, to include the representatives of all committees of the Senate that were interested in the subject of disarmament.

If I remember correctly, the distinguished majority leader attended that meeting. The meeting was briefed by the Secretary of State himself and by Mr. Stassen. We were there for a whole afternoon, if I recall correctly. I think we were told everything that could be told to us.

Mr. JOHNSON of Texas. I will say the majority leader and the minority leader and the members of the subcommittee met with the Secretary of State and with Mr. Stassen. We met at length, and were briefed in detail. The majority leader has again and again and again expressed to the Department of State his willingness and the willingness of every Senator on this side of the aisle to meet at any time, any place, for any purpose that could conceivably contribute to bringing about a better world. The entire question was whether Senators could and should leave and go to London at this stage of the game. If so, they should do so only under certain circumstances: First, under circumstances that they themselves would accept; second, under circumstances which their colleagues would approve and understand, because it would do no good to send 2 or 3 Senators away to act as observers for the Senate if they did not go with the approval of the Members of the Senate.

The distinguished chairman of the Subcommittee on Disarmament and the distinguished chairman of the Foreign Relations Committee [Mr. GREEN] both worked cooperatively with me and with the Department of State, and we plan to continue to do so.

I appreciate the very fine attitude of my friend, the junior Senator from Rhode Island [Mr. PASTORE], whom I consider to be one of the outstanding experts in the field of atomic energy. I know whenever he can make a contribution, he will be only too glad to do so, without regard to party.

IMPORTANCE OF STRENGTHENING LATIN-AMERICAN TIES

Mr. WILEY. Mr. President, will the Senator yield to me?

Mr. JOHNSON of Texas. I yield to my friend from Wisconsin.

Mr. WILEY. Mr. President, today's newspapers demonstrate how America's responsibilities have grown in the shrunken world of the atomic age, the changed world which has been foreshortened by man's scientific ingenuity and inventiveness.

The papers report, of course, on our leading domestic issues like the Hells Canyon debate, but in addition, a great many foreign matters. The many news reports from abroad evidence America's growing responsibility on the world scene.

Concerning Asia, we read of Japanese Premier Kishi's welcome visit to the United States, and also in that area, we read of the sound United States decision to reinforce our weapons in Korea.

MUCH NEWS ON LATIN AMERICA

We read here, in our own hemisphere, about the signature by the International Finance Corporation of its first investment in Latin America.

This $92 million institution, which was set up last year by 49 governments to make profit-sharing investments in private enterprise, is lending $2 million to a company in Brazil to finance a new electrical factory there. This investment decision is a most welcome sign of economic progress.

It is on Latin America that I should like to make these remarks today, for I recall very clearly my visit 1½ years ago to Brazil as a delegate to an inter-American economic conference there. That great country is headed toward vast new horizons, and so are its sister republics. This vast continent of Latin America is worthy of our best energies and attention.

WE MUST UNDERSTAND LATIN AMERICANS

It is also worthy of our sympathetic understanding because, aside from its common heritage with us, there are many differences which do exist between ourselves and the various lands.

Let us note that it is easy enough to be friends with those who speak the same language and have the same form of government as ourselves. But it is more difficult, yet vitally necessary, to be friends with those who are our next-door neighbors, but who have different forms of government from our own.

Fortunately, there is an increasing awareness on the part of the American people that we must give wider attention to the problems of the Western Hemisphere.

In the past we, as a people, have been traditionally preoccupied with challenges facing us in Europe and later in Asia.

REDS IN GUATEMALA REMINDED US OF DANGERS HERE

Only when some crisis has arisen as, for example, during the alarming period of the Communist Arbenz regime in Guatemala, have we remembered that world communism is actively at work in "our own backyard" as well.

If we are to be successful in combatting the Communist danger here and elsewhere, we must work with the various friendly governments. We may not fully agree with those governments, any more than we fully agree with regimes elsewhere in the world. But we must not allow communism to capitalize on avoidable frictions between ourselves and our friends.

Fortunately, during the last few decades, we have been enjoying ever improved relations with Latin America.

There have been growing economic, defense, political, cultural, and psychological ties with the 20 nations below the Rio Grande.

MANY WISCONSIN BRANCH ENTERPRISES IN LATIN AMERICA

Not so long ago, for example, it was my privilege at the kind invitation of Mr. H. F. Johnson, president, to address the S. C. Johnson Co., in Racine. The company had brought in the managers of its successful subsidiaries from all over Latin America, as well as the rest of the world, to discuss trade and related problems.

Many other Wisconsin businesses and businessmen likewise enjoy splendid economic and other relations with Latin lands—with Brazil, Venezuela, the Argentine, Cuba, the Dominican Republic, Mexico, and so forth.

All of this has occurred within the past 25 years.

GOOD NEIGHBOR POLICY REPLACED DOLLAR DIPLOMACY

During this fruitful period, we as a Nation have fortunately helped to erase the scars which were left over from the unfriendly time of what was known as United States dollar diplomacy.

This was the period when America intervened directly in the internal affairs of various Caribbean countries. It was the period when United States Armed Forces were used as instruments of American political power in several of these lands.

I will not go into the history of that regrettable era, the circumstances which caused and followed that situation.

I will only state that it has taken a great deal of patient and constructive diplomacy to undo the bitter taste which was left in Latin America.

The indignation over what was called Yankee imperialism still has not completely subsided. Fortunately, however, our good neighbor policy of the past two and one-half decades has healed most of the scars.

Fortunately, too, there is an awareness on the part of Latin America that the American people have invariably proceeded from the best of motives—motives of friendship, motives of desiring the best for the peoples of Latin America.

I trust that America's vital role in the International Finance Corporation, to which I have earlier referred, will be clearly noted as one of a great many indications of the sound economic approach which we have followed and which we will continue to follow.

The World Bank, the Export-Import Bank—these, too, have played a splendid role and must do still more if we are to do justice by our friends in terms of the many economic challenges to them.

OUR MANY REASONS FOR RELIANCE ON HEMISPHERE

Think now of the vast markets which this hemisphere represents: of the raw materials we urgently need, the foodstuffs.

Think of the indispensable Panama Canal and of our vital relations with our friends of Panama, who now look to us for passage of certain essential land, wage-rate, and bridge legislation which we have promised and which we intend to carry out.

MUCH MILITARY COOPERATION

Think of the military cooperation—from all the many ways in which, for example, our Panamanian friends cooperate to the important guided-missile tracking station in the Dominican Republic, and to the 12 military assistance agreements which we have signed with the nations there.

It is for these and related reasons that I want my country to be especially understanding in appraising problems in the hemisphere.

That is my basic purpose in speaking today—to urge that we minimize instead of maximize frictions between us, that we stick to the facts in our occasional disputes, instead of indulging in personalities or in hearsay inferences or in idle conjecture.

DARE WE RISK A NEW TYPE OF IMPERIALISM UNDER IDEALISTIC CLOAK

It is with deep regret, therefore, that I note evidence in some recent developments of an opposite tendency, a tendency which can impair friendships with several of the nations which have different forms of government from our own. Yes, some folks, well-intentioned though they may personally be, may unwittingly be recommending, in effect, that the practice of a new type of "Yankee imperialism" be revived.

Some people may not realize the nature of this unsound tendency. Why? because the present idea of intervention is clothed under the so-called idealistic concept that it is up to us Americans to undermine those strong-men governments which are not established on the same basis of freedom as ours in the Western Hemisphere.

Any such approach is, of course, utterly contrary to the policies of the State Department. The Department carefully and rightly hews to a correct line of sound and friendly relations with all governments of the hemisphere.

No other policy would be tolerable or acceptable.

THE ABORTIVE EFFORT TO UNDERMINE PERON

Let us frankly recall that the last time any such undermining or overthrow effort was reportedly tried against a strong man, it was a notorious failure.

I refer, of course, to the period when American actions in Argentina were interpreted as an effort on the part of the United States to overthrow the then existing regime of General Peron.

That purported effort completely backfired, as all such efforts reportedly involving a foreign government, would inevitably fail. The reason is because no people wants to be told by a foreign government or a foreign people who its leaders shall be, and what its way of life shall be.

I REVERE FREEDOM

Let me make it quite clear: I, for one, like all of my colleagues here, prize freedom as much or more than any other American.

Freedom is a part of my being. It is a part of my religion, of my devotion to this Republic, of everything that I have learned and revered in fraternal, political, social, and spiritual life.

I hope that all peoples will come to enjoy the political standards we enjoy.

DIFFERENT PEOPLES AND GOVERNMENTS HAVE DIFFERENT LEVELS CONCEPTS

But I point out that each people—in Latin America, Europe, Asia—is the product of a different background. Our national cultures are different, our religious and interpretations of religion are different.

We come from different political, economic, military, and other conditions.

We all live on one globe. But we are at different stages of development. Peoples are in different stages of readiness for government and self-government.

I hope that all peoples will come to govern themselves democratically. But it is clear that circumstances and obstacles and limitations in different parts of the world give pause to think if anybody attempts an automatic or uniform solution of this problem.

MY BASIC SUGGESTION TODAY: LET AMERICANS BE MORE JUDICIOUS

And so, today, as I have indicated, I have risen for the purpose of suggesting this to my colleagues and to the public generally: Let us be more judicious and more careful in our gratuitous suggestions and advice.

I urge that we be a little more respectful and understanding of the feelings of our Latin friends, especially the heads of state. I urge that we do what our experts in the State Department well advise us; namely, let our friends work out their destiny in their own way.

I point out to my colleagues and to the public that if we were to attempt—overtly or covertly—to interfere, if we were mistakenly to attempt to tell them what is best for them, what leader or government is best for them, what way of life is best for them—they would simply feel that we are "know-it-all Yankees" trying to boss them around.

INSULTS TO FOREIGN HEADS OF STATE SHOULD BE AVOIDED

Of course, every American is entitled to his own opinions. Every American, especially a Member of Congress—of the House or Senate—is entitled to present his opinions about a foreign government to his constituents and to the Republic generally. But we should certainly not be unfair in our presentation of the facts and of our opinions, nor should we indulge in personalities, if it can be possibly avoided.

And we should certainly think twice and more times before ourselves indulging in insults against a friendly government, and leader with whom we as a Nation have enjoyed good relations.

And that includes any personal attacks against men who have been good friends to the United States in these various lands, such as General Batista in Cuba, President Luis Somoza in Nicaragua, Generalissimo Trujillo in the Dominican Republic, President Perez Jiminez of Venezuela, and others.

My remarks are not, however, confined to this hemisphere. I include heads of states elsewhere in the world, whether it be King Ibn Saud, of Arabia—who admittedly heads an absolute monarchy—or other men with whom we are endeavoring still further to improve diplomatic and other relations, despite differences which do exist.

In other words, let's keep our eyes on the main ball—our own national interest.

Aren't there enough problems already in Latin America, enough ferment, enough of a danger of Communist intrigue exploiting conditions, without our allowing the situation to be aggravated?

Can we not try to resolve problems in accordance with established diplomatic procedures.

FATHER THORNING'S WARNINGS AGAINST DANGEROUS AGITATION

Problems in the Caribbean, as for instance regarding our Dominican friends, are a case in point. The Caribbean is the neighboring area which is well called the American Mediterranean, the very title used by an expert in the area's problems—Father Joseph Thorning—for an article which appears in the summer edition of World Affairs, of which he is associate editor.

Father Thorning, often called the Padre of the Americas, has long been an expert observer of the dangerous Communist intrigue in the Caribbean and elsewhere.

He has pointed often to the systematic, unceasing agitation against our country's friends in this and other areas, and he has rightly urged Americans to be wary of becoming unwitting pawns of any such unjustified agitation.

CONTRASTING CONDITIONS IN HAITI, DOMINICAN REPUBLIC

Recent developments on the island of what Columbus called Hispanola reemphasize what I am saying regarding the already severe ferment in the area.

There have been no fewer than six governments recently in the island Republic of Haiti. Following President Magloire's fall, there has been continuous instability, intermittent rioting, coups d'etat. And Haiti's still relatively primitive economy has been brought almost to a dead halt.

The contrasting conditions of stability on the other side of the island have been apparent.

THE BASIC QUESTION: OUR NATIONAL INTEREST

In looking at American relations with the Caribbean, or for that matter any other area, my interest always is in answering this question: "What action will best serve the national interests of our own beloved country?"

That question must be asked in terms of our relations with any country anywhere in the world—Haiti, the Dominican Republic or any other land.

OUR SOUND RELATIONS WITH SPAIN

For example, turning again to another part of the world, for a number of years there has been the vital issue of improving relations with the Government of Spain.

Critics have fired all sorts of irrelevant arguments over that issue and over General Franco, personally. The critics ignored the basic point, however, that the Spanish regime has been exceedingly cooperative with us on the highest priority matters of national interest, particularly in the construction of air and naval bases in Spain.

Commencing next month, we will have operational, essential Strategic Air Command bases in Spain.

To me, this is a crucial factor which obviously overrides all considerations of lesser magnitude.

For this and other reasons, therefore, of our own national interest, I welcome improved economic, political, social, and cultural relations with the Spanish Government and Spanish people.

SMALLER COUNTRIES HAVE HELPED

Other countries—smaller nations—may occupy less of a military-national security role, so far as we are concerned.

But the fact is that they do what they can to the limit of their own resources.

Let the facts be noted, therefore, of the tremendous cooperation which was afforded to us during World War II by the Cuban and Dominican Governments when enemy submarines prowled all through the neighboring waters, doing tremendous damage to Allied shipping.

DOMINICAN MILITARY-NAVAL COOPERATION

Let the fact be further noted that, along with 11 other governments of this hemisphere, the Dominican Republic has signed a standard military-assistance agreement with us for the protection of the mutual defense of this hemisphere.

Let the fact be noted that our Government has signed a loran agreement giving us the right to set up a loran station there—a long-range aid to sea and air navigation. This will provide assistance, as well, in the tracing of hurricanes.

And let the fact be further noted, that earlier this year we were glad to sign a naval mission agreement, under which for the same objective of common defense, we will assist in modernizing and improving Dominican naval forces.

PRAISE FROM CONGRESSMAN JOHN M'CORMACK

I quote the words of the Democratic leader of the House of Representatives from the May 8 CONGRESSIONAL RECORD. The Honorable JOHN W. MCCORMACK stated, referring to a recent visit by 4 House Members to the Dominican Republic:

> Mr. MCCORMACK. Mr. Speaker, it is encouraging to note that four of my distinguished colleagues, in the course of a visit to the Dominican Republic, formed the same favorable impressions of the broad, humanitarian policies of Generalissimo Rafael Leonidas Trujillo Molina, LL. D., that have been entertained by numerous United States leaders and citizens throughout the last 27 years.
>
> My colleagues discovered what the highest officials in our Army, Navy, and Air Force have known, namely, that good will, cooperation, and friendship are among the best ideals of the Dominican Government now headed by President Hector B. Trujillo Molina.

LET US KEEP OUR PERSPECTIVE

I refer to all this because the Dominican Republic, like a few other lands, currently has problems with us. I cite these facts so that the problems will be understood in proper perspective, so that we will not look simply at the problems themselves and ignore the whole of our past, present, and future relations.

DOMINICAN ECONOMIC PROGRESS AND STABILITY

What are some other facts in the United States-Dominican record?

Here are a few:

Last year, the prospering Dominican Republic, despite its relatively small size, imported $108 million worth of goods, and exported $124 million.

Between the years 1945 to 1955, her exports went up three times; her imports five times. Her international reserves increased from $15 million to $36 million.

Let the fact be noted that she is a signatory to the bilateral atoms-for-peace agreement with us. And she has taken her own steps for the harnessing of atomic energy for the betterment of her Republic and of its citizens.

Let the fact be remembered that she has made tremendous strides in the improvement of public health, public sanitation, and in other fields.

These facts of economic progress, the facts of sound monetary and fiscal policies under Generalissimo Trujillo, the fact that the country has no foreign debt are, therefore, for all to see. The facts speak for themselves.

They are not the only facts by any means, but they are significant points worthy of remembrance by us.

Now, these factual observations may unfortunately be misunderstood in some quarters. But I trust they will not be, because they are intended merely to cite a factual record which we, in our own national interest, should not forget.

I repeat: Our own national interest. That is my concern.

STOP, LOOK, AND LISTEN BEFORE WE CONDEMN

And so, when we hear all sorts of criticisms of the head or leader of a foreign state, let us follow the words of the old motto on the caution sign at the railroad crossings: Stop, Look, and Listen.

In other words, when there is a lot of uproar and furor, let us stop, look, and listen. Let us find out where we are, in what direction we are going, and why. Let us see whether the furor and uproar is moving us in the right direction.

GALINDEZ-MURPHY CASES UNDER APPROPRIATE REVIEW

Let me make it quite clear, the two specific pending cases involving the Dominican Republic which have caused so much comment are matters which are now being expertly handled by the Department of Justice and the Department of State.

I know nothing of these cases but what I have read in the papers.

What I have read—what everyone has read—however, is accusation after accusation, hearsay and conjecture; inference piled on top of inference.

Let us wait on coming to our final opinions till the facts are in and have been properly evaluated by those well qualified to do so.

DON'T PREJUDGE CASES

Yes, I urge that we, as individuals, not try to be prosecutor, judge, and jury all at once, mistakenly assuming that we now have all the facts, when obviously we do not.

In other words, what I urge is that we try to be more judicial in our approach, that we not prejudge a case, that we not condemn a man or a government before we have the facts, that we try to be fair and objective.

Can any fair-minded person disagree with such an approach?

Let me affirm emphatically that I have faith that the Departments of Justice and State will take whatever action they feel is appropriate in the public interest. Let me make this point quite clear, too: The protection of American citizens or, for that matter, of aliens in the United States is a matter of significance always and must be effectively followed through.

But that is why we have an executive branch of Government. And we in the legislative branch likewise have important responsibilities to get the facts and then judge accordingly.

MAINTAIN CORRECT RELATIONS

In the meanwhile, let us be especially fair and understanding; neither ignoring facts nor exaggerating hearsay or rumor.

In any event, let us maintain correct diplomatic relations with all legally established governments—in Central America, South America, in Europe, Asia, the Middle East, or elsewhere, neither meddling nor interfering in internal affairs.

This is an attitude worthy of us as a great Nation. It is an attitude of a Nation which, while it is convinced that its own way of life is best, respects the right of other governments and peoples to enjoy their own way of life.

It is an attitude of a Government which does not presume that it is omniscient and omnipotent.

FAITH IN STATE DEPARTMENT

I reiterate my confidence in our State Department and in its Assistant Secretary for Latin American Affairs and his associates. I know they will do their best to advance the diplomatic objectives of our country. I say, "Give these men the chance to do their job, as all their years of experience and dedication enable them."

And so I conclude—not, I repeat, for purposes of defense of any man or government in Latin America, Spain, the Middle East, or anywhere else, but in defense of a principle—I mean the principle of correct diplomatic relations, the principle of a good neighbor, the principle of noninterference, of never again doing anything that may be construed as imperialism in any way, shape, or form.

My remarks have not been directed against any particular individual nor for any individual as such. These comments are solely for one great cause, one great objective in this atomic age: protecting the national interest of this Republic. That is a goal above personalities. It is a goal which we must never forget.

PASSAGE OF HELLS CANYON DAM BILL

Mr. NEUBERGER. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield to my friend, the Senator from Oregon.

Mr. NEUBERGER. Mr. President, today the Senate of the United States voted to authorize one of the greatest projects for waterpower and flood control possible anywhere in the world. This feat could not have been accomplished without the leadership of many men. To enumerate all the people who participated outstandingly in this great undertaking would not only intrude too greatly upon the time of the Senate, but would run the risk of the omission of the name of someone who should be given recognition.

However, like the junior Senator from Washington, who represents a State which borders on this great river development for power, I should like to refer to one or two people.

I believe the majority vote of the Senate today was a tribute to the long, persistent, and tireless fight carried on in this Chamber by the senior Senator from Oregon [Mr. MORSE], often against seemingly hopeless and overwhelming odds.

I believe, in addition, that every single one of us from the Pacific Northwest who favors this great undertaking owes a debt to the senior Senator from Texas [Mr. JOHNSON]. He represents a State which is not as generously favored with an abundance of water as is our State, yet his people in the Southwest, like our people in the Northwest, have the same urgent need for flood control and water conservation. Perhaps the types of projects may be slightly different, but the reliance upon a Federal Government with liberal and enlightened policies is the same.

I want the senior Senator from Texas to know and realize that we from the Pacific Northwest are fully conscious of the leadership which he has provided and which he has demonstrated today, and in the days leading up to today, before this great project was authorized.

Before I conclude I should like to mention 1 or 2 other Senators who truly deserve more than a slight reference.

The senior Senator from Montana [Mr. MURRAY], the chairman of the Senate Committee on Interior and Insular Affairs, has continually provided in the committee the guidance necessary to bring this bill to the Senate floor.

Furthermore, all of us in the committee know that the full committee itself never could have considered the bill had not the junior Senator from New Mexico [Mr. ANDERSON] managed and presided over long, almost interminable hearings in the subcommittee in charge of irrigation and reclamation matters of the full Committee on Interior and Insular Affairs. In addition, we all are grateful for the cheerful and never-flagging encouragement provided by the senior Senator from Washington [Mr. MAGNUSON], whose name already is associated with Grand Coulee and other heroic undertakings.

Today, two dramatic episodes occurred, one on this side of the aisle, and one on the other side of the aisle, and they should be mentioned.

The oldest Member of the Senate, as shown by history—and by "old," I mean old in years and not old in heart, because he is young in heart—the senior Senator from Rhode Island [Mr. GREEN], returned, at great sacrifice to his time

and energy, to the Senate today so that he could arrive here at the last moment, in time to vote on this great project, which is 3,000 miles from his home State. That is a tribute to the youthful attitude and political courage of THEODORE FRANCIS GREEN, because he has a national viewpoint and not a provincial or local viewpoint. I believe every single Member of the Senate, regardless of how he voted on this issue, was thrilled with the vigor demonstrated by the senior Senator of the Senate, when he came to the Chamber today to vote on the Hells Canyon issue.

In addition, I know all of us felt an emotional experience when the senior Senator from North Dakota [Mr. LANGER], a man who has been plagued with illness the past 10 or 12 weeks, rose from a hospital bed and came to the Chamber so that he could vote, as he has always voted, for the people's management and custodianship of their own natural resources.

I have no desire to mention anybody further, because if I were to go beyond the few names I have mentioned, I know I might omit somebody who deserves encomiums quite as much as those I have listed in this brief roster today.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. NEUBERGER. I am happy to yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, I wish to associate myself wholeheartedly with the remarks of the junior Senator from Oregon. I, too, was happy to see our oldest and most distinguished colleague [Mr. GREEN] come to the Chamber at the last moment to cast his vote to help our youngest colleague, the junior Senator from Idaho [Mr. CHURCH].

I think due credit should be given to the junior Senator from Idaho for the magnificent speech he made following the opening remarks by my senior colleague, the chairman of the Committee on Interior and Insular Affairs [Mr. MURRAY], because I think his speech set the tone for the whole proceeding, and, to me, it was one of the finest speeches, if not the finest speech, I have ever listened to relating to hydroelectric projects.

Yesterday our party was divided, so some people thought. Today, under the leadership of our majority leader, we showed that while we have our differences, when the chips are down we can obviate those differences and work together. I think the Democratic Party acted, performed, and voted today in a way which will show the Nation exactly what we stand for in the field of natural resources, because the vote today was a vindication on a national scale of what the Democratic Party stands for.

In addition to all the others who have been mentioned by the distinguished Senator from Oregon, I think a great deal of credit is due to our majority leader, who, while he comes from a semiarid State in large part, at least, nevertheless put his shoulder to the wheel today and was able to come up with what I would call—and this is a modest statement—a very respectable showing with respect to the construction of a high dam at Hells Canyon. There is enough credit to go all the way around.

I think, so far as we Democrats are concerned, this has been a good day for the country.

Mr. MORSE. Mr. President, will my colleague yield to me?

Mr. NEUBERGER. I should like to comment briefly on the remarks of the Senator from Montana first, and then I shall be glad to yield.

I concur with everything the Senator has said. I believe the vote today was a demonstration that the Democratic Party stands for full development, and development in the public interest, of our resources.

I do want to say this—and I am sure the Senator from Montana and the majority leader will agree with me—that those very few members of the Republican Party who did not concur with the policy of their own national administration on the rollcall vote, certainly deserve credit for joining us on this issue. Again, that was a demonstration of the fact that, throughout the modern history of this country, there have always been a handful of Republicans who have been willing, occasionally, to join the Democrats, and to aid them in making possible the wise use of such resources as water, timber, and soil. These are Republicans in the tradition of Theodore Roosevelt and Gifford Pinchot and our own Charles L. McNary.

I yield now to the senior Senator from Oregon.

Mr. MORSE. I wish to say to my colleague that he has demonstrated once again a fact which I know from many, many experiences is true, that he is one of the most gracious and considerate men I have ever known. I want to join with him in expressing, on behalf of the two Senators from Oregon, our very deep and sincere appreciation for the wonderful help the people of Oregon—not only the Senators, but the people of Oregon and of the Pacific Northwest and of the Nation—received from Members of the Senate of the United States this afternoon. Let it be understood that no Senator has won a victory, just as no candidate ever wins. A candidate is elected by the people who support him and work for him. The candidate symbolizes a program and a policy. All that the Senators who are cosponsors of the Hells Canyon bill have done, really, is to symbolize a great principle in the field of natural resources, namely, that full river basin development is the right of all the people of the United States.

It was the people of the Nation who won a victory here this afternoon, but I do wish to join with my colleague in putting into the RECORD today a word of appreciation for the support we received from the Senate this afternoon.

At the head of the list is the name of the great majority leader from the State of Texas. I wish to say to the people of Oregon from my desk this afternoon that the victory they won on the floor of the Senate today could not have been accomplished if we had not had the leadership of Senator LYNDON JOHNSON of Texas. In fact, I know that when he leaves tonight for a few days of very much deserved rest he is going to be greatly relieved because he knows that he is not going to have to listen to the senior Senator from Oregon at least once a day, and sometimes many times a day, discuss the Hells Canyon Dam parliamentary situation with him. I wish it were possible for me to really tell to the people of Oregon the many, many hours the Senator from Texas has spent on this issue during his years of majority leadership since I have been in the Senate and I have been the author of the Hells Canyon Dam bill. I thank LYNDON JOHNSON today. I think he knows how appreciative I am, but I want the RECORD to show that I believe the people of the Nation, as well as of my State individually, are greatly indebted to him.

Then I wish to say that one of the greatest sources of strength I have had in the struggle for the successful passage of the bill has been my junior colleague [Mr. NEUBERGER]. In fact, I would be less than frank if I did not say that sometimes it looked a little hopeless, and Senator NEUBERGER'S comment was, "WAYNE, you never quit," and it was in that spirit that both of us persisted on this issue.

I do wish to put into the RECORD the names of each and every one of my colleagues who are co-sponsors of the bill, because I think that is the best way for us to express appreciation to them. Some of them are here on the floor. Sitting a few seats from me is the Senator from Minnesota [Mr. HUMPHREY]. I do not know how anyone could have been more encouraging and helpful to us on this issue over the years than Senator HUMPHREY.

Then there is my good colleague from Tennessee [Mr. GORE], who has fought shoulder to shoulder with me on every natural resource issue—TVA, the Missouri Valley problem, Mississippi problems, Columbia and Snake River problems, and all the other river project problems, along with his colleague, the senior Senator from Tennessee [Mr. KEFAUVER]. To Senator KEFAUVER let me say that his investigation of the tax writeoff giveaway to the Idaho Power Co. did much to awaken the people of the Nation to what the Eisenhower administration is up to in the field of natural resources.

I wish to share the expressions of the Senator from Montana [Mr. MANSFIELD] in regard to the help we have received in the historic fight from the new Senator from Idaho [Mr. CHURCH].

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may yield the floor to the Senator from Montana, so that he may in turn yield to the other Senators who may desire to speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I yield to the senior Senator from Oregon.

Mr. MORSE. I wish to share the evaluation of the Senator from Montana [Mr. MANSFIELD] of the contribution of the Senator from Idaho [Mr. CHURCH] to fight on the issue concluded today. I have already expressed myself to the same effect on the floor of the Senate. I think his was the best analysis on the issue in the whole debate.

I believe that the Democratic whip [Mr. MANSFIELD] knows how much help I think he was to me and I thank him from the bottom of my heart.

Of course, I express appreciation to the young man of the Senate, the senior Senator from Rhode Island (Mr. GREEN]. On some occasions he has said, "Don't give up. You are going to win." That happens to be the philosophy of Senator GREEN. He advised me as follows: "If you think you are right, and don't give up, the chances are that the public will rally behind you and you will win."

I also wish to join in expressing appreciation to the Republicans who helped us, MARGARET CHASE SMITH, JOHN SHERMAN COOPER, Senator AIKEN, of Vermont, Senator WILLIAM LANGER, Senator WILEY, of Wisconsin, Senator YOUNG, Senator THYE, whose records will show that they either voted for or were paired for Hells Canyon Dam. I think the votes of these Republicans will stand to their everlasting credit, and will be appreciated by future generations of American boys and girls.

Let me stress that natural resource issues are nonpartisan issues in the opinion of the people of the country and we Senators ought to keep them so. There are millions of Republicans who are sincere ardent conservationists. They recognized in the Hells Canyon issue a great conservation issue. The Republican Senators who joined us really vote in support of the natural resource philosophy of Teddy Roosevelt and Gifford Pinchot, who were the two great liberal Republicans that fathered the doctrine that each generation is the trustee of God's gift of natural resources to our people. Of course I want to pay special tribute to that great and grand rugged liberal and populist from the great State of North Dakota, BILL LANGER. I am sure he would not object if I added this personal note to the discussion, because I was not sure that BILL LANGER should come to the Senate today.

Mr. NEUBERGER. He would not have stayed away.

Mr. MORSE. That is right. For a time we thought we might have to use strong-arm tactics to keep him away, because I said to him, as he will acknowledge, "Bill, you must not come if it would in any way be a risk to your health." He said, "It would be the best tonic I could have to come and cast a vote in support of my friend WAYNE MORSE, and in support of a bill which the country needs. I insist that you let me know in time to get to the Senate and vote."

Of course, the great record of BILL LANGER in the many fights for the protection of natural resources always will be a great monument that will live in the history of the United States Senate. As I have said to BILL LANGER personally, I want to say in the RECORD, I am never going to forget the act of personal friendship and dedication to public duty which WILLIAM LANGER, of North Dakota, demonstrated on the floor of the Senate today by coming for the first time in months to the Senate so he could vote for Hells Canyon Dam. I pray that it did not cause him to overtax his strength. I want him to be sure that the people of my State will appreciate his devotion to the cause of Hells Canyon Dam. I also wish to express appreciation to all others who were of help to us and who joined me in sponsoring the Hells Canyon Dam bill, which I authored. The names of all the cosponsors of the bill are as follows:

Mr. MAGNUSON, Mr. CHURCH, Mr. JACKSON, Mr. MURRAY, Mr. MANSFIELD, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. ANDERSON, Mr. CARROLL, Mr. CHAVEZ, Mr. CLARK, Mr. DOUGLAS, Mr. FULBRIGHT, Mr. GREEN, Mr. HENNINGS, Mr. HILL, Mr. HUMPHREY, Mr. JOHNSTON of South Carolina, Mr. KEFAUVER, Mr. KERR, Mr. LANGER, Mr. MCNAMARA, Mr. NEELY, Mr. SCOTT, Mr. SPARKMAN, Mr. WILEY, Mr. MONRONEY, and Mr. YARBOROUGH.

Now I want to say a word about our fellow Senators who oppose us in this legislative fight. I want the opposition to know that I have not the slightest rancor or ill feeling about this matter. Our differences were honest and sincere.

Mr. NEUBERGER. They were never personal.

Mr. MORSE. They were never personal. I hope as we continue to support legislation on natural resources issues in other parts of the country we may be more successful in convincing some of our opponents on the Hells Canyon Dam issue that they should join forces with us in our obligation of trusteeship of God's gift of natural resources to the people of this country.

The very essence of my philosophy in this field is that no one owns these natural resources. They belong to God. They are loaned to us from generation to generation, under what I consider to be a sacred trusteeship, and we have the duty of seeing to it that we hand them down to future generations in better condition than that in which we found them. That is the epitome of my position on the natural resource issue.

Only to the extent that we keep faith with that trusteeship do we keep faith not only with the people of our generation, but with American history to come.

Mr. NEUBERGER. Mr. President, I thank the senior Senator from Oregon. I should like to add a comment which I thought of when he was echoing my words of praise of the senior Senator from Texas [Mr. JOHNSON].

About a week ago member of Senator JOHNSON'S staff told me that the Senator had received some criticism from his home State because he was spending so much time on a project that was so far from Texas.

I have been thinking about it ever since, because every Senator is concerned with his relationships with his own State. I was thinking of the fact that there would be no national-forest reserves at all in our great Western States if Gifford Pinchot, of Pennsylvania, had not devoted himself to the protection of the great uplands 2,500 miles from Pennsylvania, which resulted in the saving of the vast forest reserves in the Western States.

There would be no Tennessee Valley Authority in the State so ably represented by the senior Senator from Tennessee, who exploded the tax-writeoff plot, and by the junior Senator from Tennessee, who is on the floor, had not George W. Norris, of Nebraska, devoted himself to the welfare of these great natural resources in the Tennessee Valley, 1,500 miles from Nebraska. There would have been no Grand Coulee Dam on the uplands above the Columbia River in the State of Washington, over 3,000 miles from Hyde Park, N. Y., had not Franklin D. Roosevelt successfully championed that greatest of undertakings ever built by human hands.

Therefore, when Senator JOHNSON of Texas shows an interest in the development of Hells Canyon, 2,000 miles from the State of Texas, he is following in the great American legacy and heritage of people of vision and enlightenment in both major political parties, like Gifford Pinchot and George W. Norris and Franklin D. Roosevelt. I know the people of the State of Texas will value having their Senator in such illustrious company.

I now yield to the Senator from North Carolina.

Mr. SCOTT. Mr. President, I should like to join in paying tribute particularly to the two young Senators, Senator GREEN and Senator CHURCH, as well as to all the other Senators who helped to secure the passage of the bill. Of course, I agree that it is dangerous to start calling names. However, I would especially like to pay tribute to LYNDON JOHNSON for the time he has given so devotedly to this subject.

I also wish to mention another thing that I do not believe any other Senator has mentioned. I was glad to see the outburst in the galleries. The people sitting there could not contain themselves. Neither could I. I merely wished to add this statement to these proceedings.

Mr. NEUBERGER. The Senator from North Carolina purposely became a member of the Committee on Interior and Insular Affairs last year so that this issue could be brought before the Senate in 1956. All of us realize that there is no greater champion of the welfare of rural people and of farmers than the Senator from North Carolina, who all his adult life has been a foremost advocate of bettering the condition of our farm people. I know that he championed the Hells Canyon bill and he voted for the bill, and that he helped us get the bill out of committee, because he realized that this vast supply of low-cost power in the Intermountain States will mean cheap fertilizer with the development of the Idaho phosphate deposits for the benefit of all the farmers of America, including the farmers in the wonderful State of North Carolina.

Therefore, I wish to express my great appreciation to the Senator from North Carolina, whose sincerity and whose rugged qualities of friendship have the admiration and affection of all of us.

I now yield to my seat mate, the Senator from Idaho.

Mr. CHURCH. I thank my seat mate, the junior Senator from Oregon.

Mr. President, there is nothing I can add to what has already been said. There is nothing that I can say so well as what I have heard said by the great Senators from Oregon [Mr. MORSE and

Mr. NEUBERGER]. I wish to associate myself with their remarks.

I desire to say to the present Presiding Officer, the Senator from North Carolina [Mr. SCOTT], whose support of the Hells Canyon bill has been a source of great inspiration to me in my brief tenure in the Senate of the United States, that I hope my years of service will be characterized by the same devotion to the public interest that he invariably has displayed in his service as a Senator.

I wish to associate myself, too, with the statement of the junior Senator from Oregon [Mr. NEUBERGER], when he spoke about our leadership, because I believe that the Senate, in passing the bill today, has not only done a beneficent thing, but has taken a giant stride toward recapturing for the people the Hells Canyon site.

This could not have been accomplished had it not been for the devoted and continuing support and direction given to us by our very distinguished majority leader, in whom all Democrats should take great pride, the Senator from Texas [Mr. JOHNSON].

I agree, too, with what the junior Senator from Oregon has said with reference to the role which has been played these many years by the senior Senator from Oregon [Mr. MORSE]. He has been the champion of Hells Canyon. It is the senior Senator from Oregon to whom the people of the country today will properly turn their eyes and whose efforts will be in their thoughts today as the news reaches them that this bill has at last been passed.

To each of the other Senators—to the Senator from North Dakota [Mr. LANGER], who came from his hospital bed; to the Senator from Rhode Island [Mr. GREEN], who came with police escort from the airport, and to many other Senators who made a special effort to come to the Chamber to register their vote—I wish to express my heartfelt thanks.

I can only add that it happens that today is my 10th wedding anniversary, and I cannot think of a finer anniversary present to be given to a Senator of the United States.

Mr. NEUBERGER. I thank the Senator. I did not know that this was such an auspicious day. It makes it more eventful than ever to have had such a great occurrence take place.

When the Senator mentions the senior Senator from Oregon and the senior Senator from Texas, who teamed together to give us this leadership, I can remember on one occasion, when talking to both of these men, and when it seemed almost impossible that the passage of the bill would be brought about, to save this greatest of all North American power sites, quoting to them that famous passage from Alfred Lord Tennyson's, Ulysses, which is inscribed on the cross in the white wastes of Antarctica over the graves of some of the bravest men who ever lived, Captain Robert Scott and his companions, who staggered back from the South Pole only to perish 11 miles from One-Ton Camp and safety. It reads:

To strive, to seek, to find, and not to yield.

Because our leaders did not yield, because they did not surrender in the face of overwhelming political difficulties, today the Senate of the United States passed a bill to save for the people of this generation and of future generations the finest site for the development of water power within the borders of our country.

Mr. MANSFIELD. So long as we are throwing out all these posies, we should not forget the floor management by the able distinguished senior Senator from Washington [Mr. MAGNUSON] and his equally distinguished colleague, the junior Senator from Washington [Mr. JACKSON]. They were steady and consistent, and they formed a good backstopping team for the shock troops in the battle. Together with the distinguished junior Senator from Idaho [Mr. CHURCH], the distinguished Senators from Oregon [Mr. MORSE and Mr. NEUBERGER], and the distinguished senior Senator from Montana [Mr. MURRAY], the chairman of the Committee on Interior and Insular Affairs, they were the ones who carried the brunt of the fight; they were the ones who were primarily successful in the necessary efforts leading up to this day.

, Mr. GORE. Mr. President, I rejoice with my colleagues in this great victory for the bill. I have read something of the history of the Senate, and I thrill in the thought that here truth will out, and right will prevail. I have observed that if a Senator, though he may feel that his voice for a while is lonely, like one in a wilderness, speaks the truth and speaks it with conviction and vigor, that Senator cannot long be ignored if he speaks in the well of the Chamber the truth with frequency and vigor.

There are other battles for the people that we must win. We must go forth with renewed vigor. We must, for one thing, drive the moneychangers from the temple of the Government.

DEPRECIATION OF UNITED STATES GOVERNMENT BONDS

I regret to call to the attention of the Senate that bonds of the United States Government again, yesterday, sank to an all-time low. Fourteen issues, in all, reached all-time lows on yesterday. One day after another, the obligations of our country are deteriorating. The people who invested in those marketable bonds lost yesterday, in the value of their holdings, $99,893,450.

The losses in value to the holders alone, however, is by no means the most far-reaching or the most damaging consequences of a fallacious policy. I say it is fallacious, Mr. President, because it has as its purpose a reconcentration of wealth, income, and economic opportunity in the United States.

Mr. President, this policy must be altered. It will be altered in time.

Mr. NEUBERGER. Mr. President, I wish to pay brief tribute to the people at the grassroots, without whom this victory would not have been possible.

I should like to mention the National Hells Canyon Association and the many groups associated with it all over the country, including the farm groups, the labor groups, the rural electric cooperative groups, public power groups, and many other organizations which raised money at the grassroots, and whose members went out and pushed doorbells, and sent postcards, telegrams, and letters to Members of Congress.

The distinguished Senator from Minnesota [Mr. HUMPHREY], who is one of the stanch conservationists in Congress, has also just handed me a reminder about the valiant conservation groups which fought to save the Hells Canyon site because they did not want the great wilderness realms of the Clearwater River and the Salmon River and the Lochsa River desecrated and despoiled by alternative projects.

I should like to read the list which the Senator from Minnesota has given me and to remind the Senate of the groups which joined with us in making victory possible:

North American Wildlife Federation, Wilderness Society, Izaak Walton League, Citizens Committee on Natural Resources, National Parks Association, National Wildlife Federation, Wildlife Management Institute, and the Save the Clearwater Association.

Possibly there were other organizations which may have been overlooked. For that neglect, we apologize, and we include them all here, at least in spirit and by implication.

ORDER FOR RECESS UNTIL MONDAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until 12 o'clock noon on Monday.

The PRESIDING OFFICER (Mr. SCOTT in the chair). Without objection, it is so ordered.

PERSONAL STATEMENT BY SENATOR MORSE

Mr. MORSE. Mr. President, on a question of personal privilege, I wish to make a public reply to a charge which has been made against the senior Senator from Oregon, the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MURRAY], and I understand also the Senator from Massachusetts [Mr. KENNEDY]. I shall not name the colleague who is reported by the wire services to have made the charge; but I want to answer it in the RECORD. I hope my erring colleague will retract the charge because he has wronged himself. He owes it to himself to retract his false statement.

I understand that a colleague has told the press, in recent minutes, that the Senators I have named sold out civil rights this afternoon in a trade for votes for Hells Canyon.

I say on the floor of the Senate that if that colleague is correctly reported in the press, his statement is a vicious, unwarranted falsehood. I have never traded a vote in the Senate in my terms here, and I never shall.

I am likewise satisfied that my colleagues who are mentioned in the press statement have been falsely charged.

I think this kind of attack upon colleagues in the Senate of the United States is unwarranted, unjustified, and unbecoming any United States Senator who makes it. I realize that some people in defeat let their feelings run away with them but I hope that upon reflection the Senator involved in this false charge will repudiate his unwarranted attack.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HUMPHREY. Knowing the Senators whom the senior Senator from Oregon has named, it is indeed quite obvious that not one of them is for sale; not one would trade his vote; not one would have tried to use such influence.

Mr. MANSFIELD. Mr. President, I join with the Senator from Minnesota and the Senator from Oregon in their remarks. I express the hope that the author of the alleged statement will reconsider his position and not make accusations which are untrue on their face.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. NEUBERGER. I had not heard of this infamous report until the senior Senator from Oregon mentioned it. I believe the very division of the Senators from the Northwest on this issue demonstrates how false that charge is.

I am a Senator from the Northwest. I share the responsibility with the senior Senator from Oregon for trying to get the Hells Canyon Dam authorized. No one ever mentioned at a single time during the entire episode prior to the vote, that there be any trade or swap or barter of any kind; and I am certain that is true of the other Senators whose names were mentioned.

Mr. MORSE. It is true, to my knowledge.

PASSAGE OF HELLS CANYON DAM BILL

Mr. YARBOROUGH. Mr. President, I wish to say a word about how thrilled I am, as the most junior Member of the Senate, to have voted for the Hells Canyon bill today.

I pay tribute to those who welded together the great Democratic leaders who have made possible the passage of the bill.

As the most junior Member of the Senate, I was privileged to join with the Senator having the greatest seniority, the distinguished Senator from Arizona [Mr. HAYDEN]; with the Senator who is oldest in years, the distinguished Senator from Rhode Island [Mr. GREEN]; and with the Senator who is youngest in years, the distinguished Senator from Idaho [Mr. CHURCH], who made such a brilliant case for the people not only of Idaho alone, but of the entire Nation; and with all Senators who for many years have fought to attain this victory.

I hope I may be pardoned this personal expression. I served in 1935 on the original board of directors of the Lower Colorado River Authority, in Texas, which we call the little TVA. We built six dams under the leadership of the then youngest Representative in the Nation, the present majority leader, the distinguished senior Senator from Texas [Mr. JOHNSON]. It was under his leadership in the United States Congress that those dams were built.

We have watched from afar, and with great admiration, the fight which has been made over decades for this great power development in the Pacific Northwest.

As recently as a year ago, I never dreamed that I would have the privilege of sitting on the floor of the Senate of the United States and voting for that development for the benefit of all the people.

This has been a proud day for me, and I think the result has been a great victory for the United States and all its people—when, by means of this development, this great natural asset has been turned back to its rightful owners and for their benefit—all the people of the United States.

Mr. CHURCH. Mr. President, will the Senator from Texas yield to me?

The PRESIDING OFFICER (Mr. SCOTT in the chair). Does the Senator from Texas yield to the Senator from Idaho?

Mr. JOHNSON of Texas. I yield.

Mr. CHURCH. I wish only to say that it was a proud day for the Democratic Party when RALPH YARBOROUGH was elected to the United States Senate.

Mr. YARBOROUGH. I thank the Senator from Idaho for his very generous words.

Mr. JOHNSON of Texas. Mr. President, I wish to express my appreciation for the very generous words which have been said of me this afternoon.

Mr. HUMPHREY. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield to my friend, the Senator from Minnesota.

Mr. HUMPHREY. First of all, Mr. President, I wish to join in the statements of thanks and appreciation which have been made this afternoon by several of my colleagues to all of those responsible for the success of the Hells Canyon Dam bill, Senate bill 555, on which the Senate has taken action today.

Again I wish to state, along with my colleagues, that the work of the majority leader on that bill, as on many others, was monumental and meant, indeed, the difference between victory and defeat.

I share with the junior Senator from Texas [Mr. YARBOROUGH] this moment of happiness and jubilation over the great achievement for the people.

Let me add that it would not have been possible if it had not been for some of our new Members, such as the junior Senator from Texas, who came to the Senate to cast his vote in behalf of the people and to work in the interest of the sound management of the Nation's great natural resources.

THE EFFECT OF HIGHER INTEREST RATES

Mr. JOHNSON of Texas. Mr. President, in reading the statment made before the Senate Finance Committee on Tuesday, by Secretary of the Treasury George Humphrey, I took a great deal of pleasure in finding a thought with which I could agree.

In his concluding paragraphs he said:

> We have not achieved perfection. We have been unable to fully accomplish some of our debt-management objectives. We have perhaps checked, but not entirely stopped, inflationary pressures.
>
> In the process, some of our citizens, some of our municipalities and some of our businesses have been unable to obtain all the credit they would have liked.

I believe Mr. Humphrey is to be congratulated for pointing out that some of our citizens, municipalities, and businesses cannot obtain all the credit they would like. I only wish that he had continued his train of thought and had designated the companies which have been able to get the credit they want.

A clue which might lead to the answer can be found in Tuesday's and Wednesday's issues of the Wall Street Journal.

The Wall Street Journal of June 18 carries an article headlined "Michigan Utility's $30 Million Bonds Go at 6.145-Percent Rate."

The Wall Street Journal of June 19 carries an article headlined "Southern Bell $70 Million Issue Sold at 4.91-Percent Rate."

Such headlines have not been uncommon in the past few weeks. They indicate clearly that the businesses which can get credit are those who do not care how much they pay for it, because they can pass the cost directly on to the consumer.

But how about the small-business man who is not in a position to pass the cost on to the consumer? But can he survive in a money market where bond issues go at 6.145 percent and 4.91 percent?

Mr. President, this is a game where everybody loses except the lender—and the corporations who can force the public to take their services and commodities at any price.

The small-business man is squeezed out of the money market. The consumer finds himself forced to pay higher and higher prices to live.

This is a situation which cannot continue indefinitely. Eventually we will have to act.

I ask unanimous consent to have printed in the RECORD the two articles from the Wall Street Journal which give the borrowing costs in detail.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal of June 18, 1957]

MICHIGAN UTILITY'S $30 MILLION BONDS GO AT 6.145 PERCENT RATE—MICHIGAN CONSOLIDATED GAS ACCEPTS THAT COST ON 6¼ PERCENT FIRST MORTGAGE SECURITIES—ISSUES EXPECTED TO SELL FAST

DETROIT.—Michigan Consolidated Gas Co. accepted a 6.145 percent borrowing cost to sell its $30 million of first mortgage bonds, due 1982.

That rate is a bit lower than the 6.185 percent Michigan Wisconsin Pipe Line Co. is paying for the $30 million it raised last week on 20-year first mortgage pipeline 6¼ percent bonds.

But this does not mean that there has been an improvement in the corporate bond market, investment bankers noted, since yesterday's Michigan Consolidated issue outranks in rating the Michigan Wisconsin 6¼s.

Underwriters led by White, Weld & Co. and Lehman Brothers took the new Michigan Consolidated securities with their bid of 101.309 for a 6¼-percent coupon.

Following compliance with Securities and Exchange Commission requirements, the group is putting the bonds out for general distribution at 103.216, to yield 6 percent.

Indications were that all or nearly all of the 25-year issue would sell out quickly at that price.

Investment bankers last week were taking a possible 5½-percent to 5¾-percent yield for the public in yesterday's Michigan Consolidated bonds, rather than the 6 percent which investors now actually are getting. The borrowing cost for the utility presumably would have been correspondingly lower had the issue come to market at that time.

The Michigan Consolidated 6¼s carry an A rating, compared with the Baa rating carried by the Michigan Wisconsin Pipe 6¼s. The latter issue also went to investors on a 6-percent yield basis, on reaching the market in the middle of last week.

Yesterday's bonds will be optionally redeemable by Michigan Consolidated at 109.47 until July 1, 1958, and thereafter at prices ranging down to par.

The only other bid for the issue—101.260 for a 6¼-percent coupon—came from Halsey, Stuart & Co., Inc., and associates. A third group, led by Blyth & Co., Inc., withdrew from the competition prior to the bidding deadline.

[From the Wall Street Journal of June 19, 1957]

SOUTHERN BELL $70 MILLION ISSUE SOLD AT 4.91 PERCENT RATE—BORROWING COST ON 29-YEAR DEBENTURES IS HIGHEST FOR THE UTILITY SINCE 1929—BIG RETAIL DEMAND REPORTED

NEW YORK—Southern Bell Telephone & Telegraph Co. will pay 4.91 percent annually for the $70 million it raised on 29-year debentures.

That marks the borrowing as the costliest for Southern Bell since October 18, 1929, when it sold $32 million of 5 percent bonds at 5.32 percent.

It also ranks as the most expensive debt financing by any Bell System unit since January 13, 1930, when parent A. T. & T. itself floated $150 million of 5 percent debentures at a cost of 5.22 percent.

Yesterday's lofty rate came about notwithstanding the fact that Southern Bell agreed to make the 29-year securities non-callable for the first 5 years.

Halsey, Stuart & Co., Inc., and associates won the big issue with a bid of 101.33 for a 5 percent coupon.

Following compliance with Securities and Exchange Commission requirements, the group is putting the debentures out for general distribution at 102.32, to yield 4.85 percent to maturity on June 1, 1986.

An unmistakably big retail demand for the securities at this price was building up, ahead of today's formal public offering.

A closely competing bid of 101.20 for the debentures as 5s came from a Morgan Stanley & Co. group.

Yesterday's 4.91 percent net interest cost compares with the 3.95 percent Southern Bell is paying for the $60 million it raised last October 8 on 27-year debenture 4s.

Southern Bell will use the proceeds from the new issue, President Ben S. Gilmer said, "to provide telephone facilities to meet the continuing strong demand for telephone service in the South."

INCREASE IN THE INTEREST RATE ON SHORT-TERM BORROWINGS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article appearing in the Wall Street Journal. The article shows that a business institution engaged in lending money to consumers has increased, for the second time in 1 week, the interest rate it pays on its borrowings on short-term notes. This, of course, will be reflected in increased costs paid by this lending institution's consumer borrowers.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEALERS RAISE COMMERCIAL PAPER RATES ANOTHER ONE-EIGHTH PERCENTAGE POINT—ASSOCIATES INVESTMENT ALSO BOOSTS RATES IT PAYS, FOR SECOND HIKE IN WEEK

NEW YORK.—Interest rates on commercial paper marketed through dealers moved upward one-eighth percentage point for the second time in 2 weeks.

One major sales finance company that sells its notes directly to investors also raised its rate another one-eighth point—its second in a week—but other finance firms did not follow suit yesterday.

This finance company, Associates Investment Co., South Bend, Ind., raised the interest rate it pays investors after it announced postponement of a $20 million debenture issue it had been planning to offer today.

But Associates Investment's borrowing cost on short-term notes, even at the top rate of 4 percent set in its new schedule, still will be substantially under the rate it would have had to pay on the debentures, in the view of money market observers. Recent issues of similar long-term securities have entailed a borrowing cost of 5 percent or more.

Commercial paper is the money-market term for leading corporations' short-term promissory notes. Commercial paper dealers sell such notes in the open market, mainly to banks outside New York City. Finance paper is placed directly with investors by large sales finance companies.

The new schedule on dealer-marketed paper is a 3⅞ percent rate, up from 3¾ percent, on prime 4-to-6 month paper of the biggest industrial borrowers. Notes of smaller industrial concerns and small finance companies went up to 4¼ percent from 4⅛ percent. On prime 90-day paper offered by some dealers the rise was to 3¾ percent from 3⅝ percent.

Associates Investment's new rates on notes of varying maturities are: 5 to 29 days, 3⅜ percent; 30 to 89 days, 3½ percent; 90 to 179 days, 3⅝ percent; 180 to 239 days, 3¾ percent; 240 to 270 days 4 percent.

Those rates are one-eighth percentage point above the level to which five large finance firms, including Associates, had raised their rates, also by a one-eighth percentage point boost, last Wednesday and Thursday. Until last week there had been no change in these rates since last October.

On dealer-marketed paper, the one-eighth percentage point rise of 2 weeks ago, now duplicated, ended 8 months of stability in that sector of the money market.

The new interest boosts were described as a reflection of general conditions in the money market.

"There's no one thing you can ascribe it to," said one commercial paper dealer. "It's just an inevitable part of the whole action of the money market—Government bonds, Government agency bonds, Treasury bills and tax-exempts."

The Treasury bill rate—the interest cost to the Government on 91-day borrowing—rose on this week's offering to 3.404 percent, its highest level in 24 years. Fluctuations in that rate are an index to the availability of short-term money, and are usually used as a guide by those who set commercial paper rates.

Dealers said a special factor in the past week's money market situation was Monday's income tax settlement date for big corporations, which cut down the amount corporations might otherwise have had available for the purchase of Treasury bills.

Mr. JOHNSON of Texas. Mr. President, I express to my delightful friend, the Senator from Minnesota [Mr. HUMPHREY], my gratitude for his indulgence and his patience.

THE VOICE OF THE WHEAT-GROWERS

Mr. HUMPHREY. Mr. President, I wish to call the attention of the Senate to the overwhelming approval voted by the Nation's wheatgrowers yesterday for continuing market quotas—and avoiding further cuts in price-support levels.

While returns are incomplete because of storm conditions in the upper Midwest, the Department of Agriculture agrees that there is no doubt about the outcome. At present, it appears that over 83.3 percent of farmers voting cast ballots in favor of continuing the program, with that figure still rising. It is likely it will reach over 85 percent. Minnesota, with more returns still coming in, voted 97.1 percent in favor of the wheat quotas. North Dakota returns are running 96.7 percent favorable, with less than 17,000 out of an expected 60,000 votes yet to be counted, because of storm conditions. Historically, North Dakota has been one of the strongest supporters of the program.

Mr. President, I hope the Senate appreciates the significance of this vote. It is emphatic evidence that farmers are opposed to Secretary Benson's announced intention of seeking further flexibility in price-support laws, so he can further lower support levels. By voting "yes" in the referendum, farmers have agreed to accept quotas in 1958 in return for an assurance of at least 75 percent of parity—too little, but all that Secretary Benson will grant them under his present discretionary authority. If they had voted "No," they could have avoided quotas, but they would have received only 50 percent of parity. Despite all the talk about farmers being against "controls," this vote is overwhelming evidence to the contrary. They are willing to try and help adjust their own production downward, if they are given some assurance of price protection. They are unalterably opposed to breaking the support level down still further.

I hope Secretary Benson pauses in his campaign to undermine the farm program, in his current series of appeals for support from among nonfarm groups around the country, to consider this expression of sentiment from wheat growers—including, I may emphasize, Republican wheat growers, or, at least, wheat growers from what have been Republican States; I am inclined to think they have

learned enough of a lesson to change their minds in 1958 and 1960.

Mr. President, I ask unanimous consent to have printed at the conclusion of these remarks a statement I had broadcast in the Midwest, in advance of the referendum, urging the growers to vote favorably, as I am happy to report they have done.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

WHEAT REFERENDUM

(Statement by Senator HUBERT H. HUMPHREY, of Minnesota, for GTA, June 18, 1957)

With the plight of our family farmers growing worse instead of better, farmers must speak up themselves in every way possible to protect their right to earn a decent living.

Farmers have a chance to speak for themselves Thursday, in the wheat referendum. Every wheatgrower should vote, and every grower should consider carefully the alternatives he faces.

Admittedly, the farmer does not have a very happy choice—as a result of constant undermining of the farm program by Secretary Benson.

However, by voting "yes" wheatgrowers can prevent prices from plunging down still further.

A "yes" vote in the referendum could benefit the average wheat farmer between $7 and $9 an acre.

A "yes" vote by two-thirds of the growers will mean continuing quotas next year with price support at around $1.78 a bushel.

A "no" vote would drop price support to 50 percent of parity, or $1.19 a bushel. It would eliminate quotas, but allotments would be continued—and a grower who planted in excess of his allotment would not be eligible for the soil bank.

Failure of two-thirds of our wheatgrowers to express themselves as wanting the higher support level could well mean the end of the price-support program and much lower market prices.

There would be no doubt about the outcome, if Secretary Benson set the support level at 90 percent of parity as it should be instead of 75 percent. But 75 percent is far better than 50 percent—and that is all farmers will get if they vote "no."

Unfortunately, we have not been able to get much improvement in farm legislation this year in the face of all-out opposition from the administration. Instead of improving the farm program, they want to make it more flexible than ever—and flexible downward.

Secretary Benson has made it clear that he wants Congress next year to give him more discretion to lower supports further.

If farmers vote against the highest level that they can now receive, it will be regarded as approval of Secretary Benson's request for lower supports.

But if farmers vote "yes" overwhelmingly, it will help encourage Congress to resist the administration pressures for lower farm prices.

For that reason I am convinced it is urgently important for all wheatgrowers to vote in the referendum Thursday—and to vote "yes."

AFL–CIO CODES OF ETHICAL PRACTICES

Mr. HUMPHREY. Mr. President, the recent disclosures concerning abuses in the management of union welfare funds have focused attention on a problem which has concerned the national AFL–CIO.

On many occasions, I have said that the disclosure of wrongdoing is proper whenever and wherever it occurs. I have also said that it would be highly unfortunate if the disclosures of certain practices by labor leaders should cast discredit on the ethical practices which characterize the behavior of the vast majority of national labor leaders and their unions.

This whole matter is such a timely one, Mr. President, that I think our attention should be directed to the AFL–CIO Codes of Ethical Practices. These have been conveniently assembled in a new booklet published by the AFL–CIO. Because of their widespread interest and their relevance to investigations now being undertaken by the Congress, I ask unanimous consent that the text of this booklet be printed in the body of the RECORD following my remarks.

Mr. President, at this point I wish to add that every American is deeply indebted to Mr. George Meany and Mr. Walter Reuther for the excellent standards they have established and for the manner in which they have sought to maintain honorable practices in the trade-union movement—a living standard for all representatives of organized labor to abide by.

Mr. KENNEDY. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I am glad to yield.

Mr. KENNEDY. I am glad the Senator from Minnesota is having the AFL–CIO Codes of Ethical Practices printed in the RECORD. I think they have given a great leadership to the labor cause, and they demonstrate that the responsible labor leaders are anxious to maintain a high standard in the labor movement. Certainly the maintenance of a high standard in the entire labor movement will be of great benefit to all the country.

So I am very glad that the Senator from Minnesota is drawing attention to these codes, which I believe will help considerably the whole situation.

Mr. HUMPHREY. I thank the Senator from Massachusetts. I recall that recently he addressed a rather large labor meeting, where he expressed himself in like manner in what I thought was one of the most constructive addresses I had read for some time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

There being no objection, the codes were ordered to be printed in the RECORD, as follows:

AFL-CIO CODES OF ETHICAL PRACTICES—AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

FOREWORD

The American Federation of Labor and Congress of Industrial Organizations is committed, by word and deed, to the concept that free, democratic trade unionism must be clean, honest, trade unionism.

This handbook contains the sections of the AFL-CIO constitution relating to corrupt or Communist efforts to infiltrate the labor movement; pertinent resolutions and policy statements adopted by the AFL-CIO convention in 1955 and by subsequent meetings of the AFL-CIO executive council; and six codes of ethical practices prepared by the AFL-CIO Ethical Practices Committee and adopted by the executive council.

I commend these documents to union members and officials as guides to help insure the continued healthy development of our American labor movement.

GEORGE MEANY, *President.*

1. AFL–CIO CONSTITUTION ON ETHICAL PRACTICES

Article II, section 10

The objects and principles of this federation are:

To protect the labor movement from any and all corrupt influences and from the undermining efforts of Communist agencies and all others who are opposed to the basic principles of our democracy and free and democratic unionism.

Article VIII, section 7

It is a basic principle of this federation that it must be and remain free from any and all corrupt influences and from the undermining efforts of Communist, Fascist or other totalitarian agencies who are opposed to the basic principles of our democracy and of free and democratic trade unionism. The executive council, when requested to do so by the president or by any other member of the executive council, shall have the power to conduct an investigation, directly or through an appropriate standing or special committee appointed by the president, of any situation in which there is reason to believe that any affiliate is dominated, controlled or substantially influenced in the conduct of its affairs by any corrupt influence, or that the policies or activities of any affiliate are consistently directed toward the advocacy, support, advancement or achievement of the program or of the purposes of the Communist Party, any Fascist organization or other totalitarian movement. Upon the completion of such an investigation, including a hearing if requested, the executive council shall have the authority to make recommendations or give directions to the affiliate involved and shall have the further authority, upon a two-thirds vote, to suspend any affiliate found guilty of a violation of this section. Any action of the executive council under this section may be appealed to the convention, provided, however, that such action shall be effective when taken and shall remain in full force and effect pending any appeal.

Article XIII, Section 1 (d)

The Committee on Ethical Practices shall be vested with the duty and responsibility to assist the Executive Council in carrying out the constitutional determination of the Federation to keep the Federation free from any taint of corruption or communism, in accordance with the provisions of this constitution.

2. AFL-CIO RESOLUTION ON ETHICAL PRACTICES (ADOPTED BY AFL–CIO CONVENTION, DECEMBER 1955)

The democratic institutions of the United States of America were established on the foundation of honesty, integrity, responsibility. The free and democratic labor movement of our country similarly rests upon the foundations of brotherhood, honesty, and integrity.

Any departure from the most exacting ethical principles is harmful not only to the people directly affected but to the whole fabric of our civilization.

The American labor movement has ever been quick in its denunciation of public officials who betray their trust. We have been equally critical of businessmen who have used corrupt methods and bribery to gain their selfish, acquisitive ends. We must be equally quick to recognize and condemn those instances of racketeering, corruption, and disregard for ethical standards when they occur inside our labor movement.

The vast majority of labor union officials accept their responsibility and trust. They endeavor honestly to carry out the democratic will of their members and to discharge

the duties of their office. Yet the reputations of the vast majority are imperiled by the dishonest, corrupt, unethical practices of the few who betray their trust and who look upon the trade union movement not as a brotherhood to serve the general welfare, but as a means to advance their own selfish purposes or to forward the aim of groups or organizations who would destroy our democratic institutions. By the adoption of the Constitution of the American Federation of Labor and Congress of Industrial Organizations, the American labor movement has clearly accepted the responsibility for keeping its own house in order and to protect the movement "from any and all corrupt influences and from the undermining efforts of Communist agencies and all others who are opposed to the basic principles of our democracy and free and democratic unionism." Only by their wholehearted dedication to this constitutional objective can labor unions meet their obligations to their memberships. Failure to meet these responsibilities can only result in governmental assumption of what are properly trade union functions. Reliance on the agencies of Government for keeping our movement free from the infiltration of racketeers, crooks, Communists, Fascists and other enemies of free democratic unionism would constitute a threat to the independence and freedom of the entire movement: Now, therefore, be it

Resolved—

1. The first constitutional convention of the AFL–CIO calls upon all its affiliated national and international unions to take whatever steps are necessary within their own organizations to effect the policies and ethical standards set forth in the constitution of the AFL–CIO. When constitutional amendments or changes in internal administrative procedures are necessary for the affiliated organizations to carry out the responsibilities incumbent upon autonomous organizations, such amendments and changes should be undertaken at the earliest practicable time.

2. This first constitutional convention of the AFL–CIO pledges its full support, good offices, and staff facilities of the AFL–CIO committee on ethical practices to all national and international unions in their efforts to carry out and put into practice the constitutional mandate to keep our organizations "free from any taint or corruption or Communism."

3. RESOLUTION ON PROCEDURES (ADOPTED BY AFL–CIO EXECUTIVE COUNCIL, JUNE 1956)

Whereas, article II, section 10 and Article VIII, Section 7, of the AFL–CIO constitution provide that it is a basic principle of this federation that it must be and remain free from any and all corrupt influences; and

Whereas, article VIII, section 7, authorizes the executive council, upon the request of the president or any other member of the executive council, "to conduct an investigation directly or through an appropriate standing committee or special committee appointed by the president, of any situation in which there is reason to believe that any affiliate is dominated, controlled or substantially influenced in the conduct of its affairs by any corrupt influence * * *"; and

Whereas, article XIII, section 1 (d) provides for a committee on ethical practices which shall be vested with the duty and responsibility to assist the executive council in carrying out the above constitutional principles, and such committee has been appointed by the president with the approval of the executive council; Now, therefore, be it

Resolved by the Executive Council of the American Federation of Labor and Congress of Industrial Organizations, 1. That the committee on ethical practices is vested with the authority of the council to conduct formal investigations, including a hearing if requested, on behalf of the council, into any situation in which there is reason to believe an affiliate is dominated, controlled or substantially influenced in the conduct of its affairs by any corrupt influence and in which such formal investigation is requested by the president or any member of the executive council. The committee shall report to the executive council the results of any such investigation with such recommendations to the council as the committee deems appropriate.

2. The committee is authorized, upon its own motion or upon the request of the president, to make such preliminary inquiries as it deems appropriate in order to ascertain whether any situations exist which require formal investigation. The committee will report to the executive council as to any situations in which it believes that formal investigation is required or desirable and shall undertake such formal investigation as provided in paragraph 1 of this resolution.

3. The committee is directed to develop a set of principles and guides for adoption by the AFL–CIO in order to implement the constitutional determination that the AFL–CIO shall be and remain free from all corrupt influences. Upon the development of such recommended guides and principles, they shall be submitted by the committee to the executive council for appropriate action.

4. AFL–CIO STATEMENT REGARDING COOPERATION WITH ALL APPROPRIATE PUBLIC AGENCIES INVESTIGATING RACKETEERING (ADOPTED BY THE AFL–CIO EXECUTIVE COUNCIL, JANUARY 28, 1957)

The American Federation of Labor and Congress of Industrial Organizations is pledged both by its constitution and by fundamental principles of trade union morality to keep the labor movement free from any taint of corruption.

While the AFL–CIO has its own responsibility for keeping its house in order and is attempting to meet this obligation to the best of its ability, this does not in any sense mean that appropriate agencies of government and the public do not have rights, obligations, and responsibilities in eliminating racketeering and corruption from all segments of American life, including the labor movement.

No institution or agency, whether labor or business, public or private, enjoys special immunity from the equal application of the laws, from appropriate investigation by duly constituted legislative committees and from scrutiny of its operations by the members of the press or the general public.

Investigations by fair and objective legislative committees in the field of labor-management relations have been of tremendous help in eliminating abuses in this area.

The investigation conducted by the La-Follette committee exposing as it did, unsavory and illegal practices on the part of important business interests, contributed greatly to the enactment of the Wagner Act and to the elimination of employer practices which prevented union organization and caused strife and violence in labor-management relations. The recent investigation by the Douglas subcommittee of the Senate Labor Committee, exposing, as it did, instances of corruption and improper conduct by labor officials and others in the handling of health and welfare funds, has provided for the public and the labor movement invaluable information which has laid the foundation for proposed disclosure legislation in this field, endorsed by the AFL–CIO, and which in addition, has enabled the AFL–CIO and its affiliates to do a better job of keeping their house in order. Both law enforcement agencies, in the interest of enforcing law, and legislative committees in the interest of enacting corrective legislation, by reason of their power and authority to subpena witnesses and to place them under oath, as well as their superior investigatorial facilities, have means beyond those of the labor movement to expose and bring to light corrupt influences.

It goes almost without saying that law enforcement agencies, legislative committees, and the labor movement itself share the common responsibility of conducting investigations fairly and objectively, without fear or favor and in keeping with due process concepts firmly imbedded in the tradition and Constitution of our great country. It is a firm policy of the AFL–CIO that the highest ethical standards be observed and vigorously followed by all officials of the AFL–CIO and its affiliates in the conduct of their offices, in the handling of trade union and welfare funds, and in the administration of trade union affairs. Trade union and welfare funds are the common property of the members of our unions and must, therefore, be administered as a high and sacred trust for their benefit.

The AFL–CIO is determined that any remaining vestiges of racketeering or corruption in unions shall be completely eradicated. We believe that Congress, in the interest of enacting corrective legislation, if the same be deemed and found necessary, has the right, through proper committees, to investigate corruption wherever it exists, whether in labor, industry, or anywhere else.

It is the firm policy of the AFL–CIO to cooperate fully with all proper legislative committees, law enforcement agencies and other public bodies seeking fairly and objectively to keep the labor movement or any other segment of our society free from any and all corrupt influences. This means that all officials of the AFL–CIO and its affiliates should freely and without reservation answer all relevant questions asked by proper law enforcement agencies, legislative committees, and other public bodies, seeking fairly and objectively to keep the labor movement free from corruption. We recognize that any person is entitled, in the exercise of his individual conscience, to the protection afforded by the fifth amendment and we reaffirm our conviction that this historical right must not be abridged. It is the policy of the AFL–CIO, however, that if a trade-union official decides to invoke the fifth amendment for his personal protection and to avoid scrutiny by proper legislative committees, law enforcement agencies, or other public bodies into alleged corruption on his part, he has no right to continue to hold office in his union. Otherwise, it becomes possible for a union official who may be guilty of corruption to create the impression that the trade-union movement sanctions the use of the fifth amendment, not as a matter of individual conscience, but as a shield against proper scrutiny into corrupt influences in the labor movement.

5. CODES—ETHICAL PRACTICES CODE I—LOCAL UNION CHARTERS (APPROVED BY THE AFL-CIO EXECUTIVE COUNCIL, AUGUST 29, 1956)

The AFL–CIO, as one of its specific objectives, has a constitutional mandate "to protect the labor movement from any and all corrupt influences * * *"

The committee on ethical practices has been vested by the AFL–CIO constitution with the "duty and responsibility" to assist the executive council in its determination to keep the AFL–CIO "free from any taint or corruption * * *"

As the statement on ethical practices adopted unanimously by our first constitutional convention pointed out, "The vast majority of labor union officials accept their responsibility and trust. * * * Yet the reputations of the vast majority are imperiled by the dishonest, corrupt, unethical practices of the few who betray their trust and who look upon the trade-union movement not as a brotherhood to serve the general welfare but as a means to advance their own selfish purposes. * * *"

The statement of our constitutional convention specifically called upon our affiliated national and international unions "to take whatever steps are necessary within their own organizations to effect the policies and ethical standards set forth in the constitution of the AFL–CIO." The same resolution pledged the "full support, good offices, and staff facilities" of the ethical practices committee to our affiliated national and international unions in "their efforts to carry out and put into practice the constitutional mandate" to keep our organization free of corruption.

At its June 1956 meeting the executive council directed the committee on ethical practices "to develop a set of principles and guides for adoption by the AFL–CIO in order to implement the constitutional determination that the AFL–CIO shall be and remain free from all corrupt influences" and directed that such recommended guides and principles be submitted to the council.

In accordance with these constitutional responsibilities and mandates, the committee on ethical practices, in the period since its formal creation, undertook an analysis of the issuance of local union charters as it relates to the problem of corruption. The code recommended in this report is the first in a series which the committee plans to develop in accordance with the executive council's direction.

The committee found that in this area, as in the field of union welfare funds, the instances of corruption are relatively rare. The vast majority of local union charters are issued by the affiliated national and international unions of the AFL–CIO for legitimate trade union purposes and without any taint or possibility of corruption. In a few instances, however, local union charters have fallen into the hands of corupt individuals who have used these charters for their own illicit purposes instead of legitimate trade union objectives.

The posession of charters covering "paper locals" has enabled such racketeers to victimize individual workers, employers and the general public, while giving a black eye to the labor movement. They have used these charters to enter into conspiracies with corrupt employers to prevent, for a price, the genuine organization of workers into legitimate unions, thus depriving these workers of the benefit of honest collective bargaining agreements. These racketeers also use a charter as a basis to falsely invoke the collective strength of the trade union movement for their illegitimate ends, thus demeaning the trade union's historic respect of the legitimate picket line, and injuring honest businessmen in the conduct of their affairs. A local union charter, improperly issued, can be used to control a local union unit vote, which negates the legitimate unit vote of bona fide local unions and thus subverts the democratic process within the trade union movement at various levels. A racketeer treats a charter as a "hunting license" to invade the jurisdictions of other national or international unions, in the interests only of corruption and dishonest gain, and to cloak with a respectable name a whole range of nefarious and corrupt activities.

Such corrupt practices are not widespread. But even the few instances in which local union charters have been corruptly used are too many. The name of the AFL–CIO, and of the national and international unions affiliated with it, must always be a hallmark of ethical trade-union practices.

Scrupulous adherence, the committee believes, to certain traditional practices and principles of the trade-union movement with reference to the issuance of local union charters will serve to prevent and to eliminate the specific evils in this area.

The basic principle with reference to the issuance of a local union charter is that the charter is, in all unions, a solemn instrument establishing a subordinate or affiliated body of the international union, composed of organized workers in a particular subdivision of the union. The committee has made a study of the practices and constitutions of a greater number of national and international unions with respect to the issuance of local union charters. In the vast majority of cases, the committee found, there is a constitutional prohibition against the issuance of charters in the absence of application by a minimum number of bona fide employees, eligible for membership in the union, within the jurisdiction covered by the charter.

The specific rules governing the issuance of charters necessarily vary greatly from to union. And each national and international union, as part of its autonomous right, has comeplete authority to prescribe the particular procedures governing the issuance of local union charters. But whatever the particular procedures, each autonomous union has the duty to see to it that the purpose of issuing local union charters is to promote the general welfare of workers. The constitution of the AFL–CIO makes it clear that no affiliate has an autonomous right to permit corrupt or unethical practices which endanger the good name of the trade-union movement.

The committee believes that implementation and enforcement of the basic principle that local union charters are to be issued only to give recognition to workers joining together in a subordinate or affiliated body of a national or international union, which is in fact expressed in the vast majority of union constitutions, will provide an effective method of preventing the kind of evils described in this statement.

Therefore, the ethical practices committee, under the authority vested in it by the constitution of the AFL–CIO and pursuant to the mandate of the first constitutional convention of the AFL–CIO, recommends that the executive council of the AFL–CIO adopt the following policies to safeguard the good name of the AFL–CIO and its affiliated unions and to prevent any taint or possibility of corruption in the issuance of local union charters:

1. A local union charter, whether issued by the AFL–CIO or by a national or international union affiliated with the AFL–CIO, should be a solemn instrument establishing a subordinate or affiliated body. To assure this, the AFL–CIO and each national and international union, by constitution or administrative regulation, should require, for issuance of a local union charter, application by a group of bona fide employees, eligible for membership in the union, within the jurisdiction covered by the charter.

2. The purpose of issuing such charters should be to promote the general welfare of workers and to give recognition to their joining together in a subordinate or affiliated body.

3. A charter should never be issued to any person or persons who seek to use it as a "hunting license" for the improper invasion of the jurisdictions of other affiliated unions.

4. A charter should never be issued or permitted to continued in effect for a "paper local" not existing or functioning as a genuine local union of employees.

5. A charter should never be issued to persons who are known to traffic in local union charters for illicit or improper purposes.

6. The provision of the AFL–CIO constitution prohibiting the AFL–CIO and any affiliated national or international union from recognizing any subordinate organization that has been suspended or expelled by the AFL–CIO or any national or international union plainly includes and prohibits the issuance of a local union charter by the AFL–CIO or any affiliated national or international union to any group of individuals or any individuals suspended or expelled from the AFL–CIO or any affiliated national or international union for corruption or unethical practices.

7. The AFL–CIO and each national and international union shall take prompt action to eliminate any loopholes through which local union charters have been or can be issued or permitted to continued in effect contrary to these policies.

8. The AFL–CIO and each national and international union shall take prompt action to insure the forthwith withdrawal of local union charters which have been issued and are now outstanding in violation of these policies.

ETHICAL PRACTICES CODE II—HEALTH AND WELFARE FUNDS (APPROVED BY THE AFL-CIO EXECUTIVE COUNCIL, JANUARY 31, 1957)

At its June 1956 meeting the executive council directed the committee on ethical practices "to develop a set of principles and guides for adoption by the AFL–CIO in order to implement the constitutional determination that the AFL–CIO shall be and remain free from all corrupt influences" and directed that such recommended guides and principles be submitted to the council. In accordance with this direction, and its constitutional responsibilities, the committee on ethical practices submitted to the executive council at its August 1956 meeting the first of a proposed series of recommended codes. This code covering the issuance of local union charters was unanimously adopted by the council.

This report, and the recommended code contained in it, is the second in the series which the committee, in accordance with the council's direction, is developing to implement the constitutional mandate that the AFL–CIO shall be and remain free from any and all corrupt influences and the determination of the first constitutional convention of the AFL–CIO that the reputations of the vast majority of labor union officials, who accept their responsibilities and trust, are "imperiled by the dishonest, corrupt, unethical practices of the few who betray their trust and who look upon the trade union movement not as a brotherhood to serve the general welfare, but as a means to advance their own selfish purposes * * *."

Both the American Federation of Labor and the Congress of Industrial Organizations prior to the merger of these two organizations into the AFL–CIO gave thorough consideration to the subject of health and welfare funds. This subject was also considered by and dealt with by the first constitutional convention of the AFL–CIO and a resolution dealing with this subject matter was adopted by that convention.

As stated in the resolution adopted by the first constitutional convention of the AFL-CIO, the task of administering and operating health and welfare programs which have been developed through collective bargaining has placed heavy new responsibilities upon the shoulders of trade-union officials. The funds involved are paid for through the labor of the workers covered by the plans. They much be administered, therefore, as a high trust for the benefit only of those workers.

Most trade-union officials have been faithful to the high trust which has been imposed upon them because of the development of health and welfare funds. The malfeasances of a few, however, have served to bring into disrepute not only the officials of the particular unions involved, but also the good name of the entire American labor movement. For this reason, it is imperative that the AFL-CIO and each of the national and international unions affiliated with it rigorously adhere to the highest ethical standards in dealing with the subject of health and welfare funds.

For these reasons, the ethical practices committee, under the authority vested in it

by the constitution of the AFL–CIO and pursuant to the mandate of the first constitutional convention of the AFL–CIO, recommends that the executive council of the AFL-CIO adopt the following policies to safeguard the good name of the AFL-CIO and its affiliated unions:

1. No union official who already receives full-time pay from his union shall receive fees or salaries of any kind from a fund established for the provision of a health, welfare or retirement program. Where a salaried union official serves as employee representative or trustee in the administration of such programs, such service should be regarded as one of the functions expected to be performed by him in the normal course of his duties and not as an extra function requiring further compensation from the welfare fund.

2. No union official, employee or other person acting as agent or representative of a union, who exercises responsibilities or influence in the administration of welfare programs or the placement of insurance contracts, should have any compromising personal ties, direct or indirect, with outside agencies such as insurance carriers, brokers, or consultants doing business with the welfare plan. Such ties cannot be reconciled with the duty of a union official to be guided solely by the best interests of the membership in any transactions with such agencies. Any union official found to have such ties to his own personal advantage or to have accepted fees, inducements, benefits or favors of any kind from such outside agency, should be removed. This principle, of course, does not prevent the existence of a relationship between a union officer or employee and an outside agency where—

(a) No substantial personal advantage is derived from the relationship, and

(b) The outside agency is one in the management of which the union participates, as a union, for the benefit of its members.

3. Complete records of the financial operations of all welfare funds and programs should be maintained in accordance with the best accounting practice. Each such fund should be audited regularly by internal auditors. In addition, each such fund should be audited at least once each year, and preferably semiannually, by certified public or other independent accountants of unquestioned professional integrity, who should certify that the audits fully and comprehensively show the financial condition of the fund and the results of the operation of the fund.

4. All audit reports should be available to the membership of the union and the affected employees.

5. The trustees or administrators of welfare funds should make a full disclosure and report to the beneficiaries at least once each year. Such reports should set forth, in detail, the receipts and expenses of the fund; all salaries and fees paid by the fund, with a statement of the persons to whom paid; the amount paid and the service or purpose for which paid; a breakdown of insurance premium paid, if a commercial insurance carrier is involved, showing, insofar as possible, the premiums paid, dividends, commissions, claims paid, retentions and service charges; a statement of the person to whom any commissions or fees of any kind were paid; a financial statement on the part of the insuring or service agency, if an agency other than a commercial insurance carrier is employed; and a detailed account of the manner in which the reserves held by the fund are invested.

6. Where health and welfare benefits are provided through the use of a commercial insurance carrier, the carrier should be selected through competitive bids solicited from a substantial number of reliable companies, on the basis of the lowest net cost for the given benefits submitted by a responsible carrier, taking into consideration such factors as comparative retention rates, financial responsibility, facilities for and promptness in servicing claims, and the past record of the carrier, including its record in dealing with trade unions representing its employees.

The trustees of the fund should be required to include in reporting to the membership the specific reasons for the selection of the carrier finally chosen. The carrier should be required to warrant that no fee or other remuneration of any kind has been paid directly or indirectly to any representative of the parties in connection with the business of the fund.

7. Where a union or union trustees participate in the administration of the investment of welfare fund reserves, the union or its trustees should make every effort to prohibit the investment of welfare fund reserves in the business of any contributing employer, insurance carrier or agency doing business with the fund, or in any enterprise in which any trustee, officer, or employee of the fund has a personal financial interest of such a nature as to be affected by the fund's investment or disinvestment.

(This is not to be construed as preventing investment in an enterprise in which a union official is engaged by virtue of his office, provided (i) no substantial personal advantage is derived from the relationship, and (ii) the concern or enterprise is one in the management of which the union participates for the benefit of its members.)

8. Where any trustee, agent, fiduciary or employee of a health or welfare program is found to have received an unethical payment, the union should insist upon his removal and should take appropriate legal steps against both the party receiving and the party making the payment. Where health and welfare funds are negotiated or administered by local unions or by other organizations subordinate to or affiliated with a national or international union, provision should be made to give the national or international union the authority to audit such funds and to apply remedies where there is evidence of a violation of ethical standards.

9. Every welfare program should provide redress against the arbitrary or unjust denial of claims so as to afford the individual member prompt and effective relief where his claim for benefits has been improperly rejected. Every program should provide for the keeping of complete records of the claims experience so that a constant check can be maintained on the relationship between claims and premiums and dividends, and on the utilization of the various benefits.

10. The duty of policing and enforcing these standards is shared by every union member, as well as by local, national and international officials. The best safeguard against abuses lies in the hands of a vigilant, informal and active membership, jealous of their rights and interests in the operation of health and welfare programs, as well as any other trade union program. As a fundamental part of any approach to the problem of policing health and welfare funds, affiliated unions, through education, publicity and discussion programs, should seek to develop the widest possible degree of active and informed interest in all phases of these programs on the part of the membership at large. International unions should, wherever possible, have expert advice available for the negotiation, establishment and administration of health and welfare plans, and should provide training for union representatives in the techniques and standards of proper administration of welfare plans.

11. Where constitutional amendments or changes in internal administrative procedure are necessary to comply with the standards herein set forth, such amendments and changes should be undertaken at the earliest practicable time.

ETHICAL PRACTICES CODE III—RACKETEERS, CROOKS, COMMUNISTS, AND FASCISTS (APPROVED BY THE AFL-CIO EXECUTIVE COUNCIL, JANUARY 31, 1957)

This is the third in a series of recommended codes which the committee on ethical practices has developed in accordance with the direction of the executive council that it should "develop a set of principles and guides for adoption by the AFL-CIO in order to implement the constitutional determination that the AFL–CIO shall be and remain free from all corrupt influences."

Article VIII, section 7, of the constitution of the AFL–CIO establishes that "it is a basic principle of this federation that it must be and remain free from any and all corrupt influences and from the undermining efforts of Communist, Fascist, or other totalitarian agencies who are opposed to the basic principles of our democracy and of free and democratic trade unionism." Under this constitutional provision there is no room within the federation or any of its affiliated unions for any person, in a position of leadership or responsibility who is a crook, a racketeer, a Communist, or a Fascist. And it is the obligation of every union affiliated with the AFL–CIO to take appropriate steps to insure that this principle is complied with.

To be sure, neither the AFL–CIO nor its affiliated unions are law-enforcing agencies. It is not within the purview or authority of a trade union to convict its members of a violation of statutory law. But it is the duty and responsibility of each national and international union affiliated with the federation to see to it that it is free of all corrupt, Communist, or Fascist influences. Consequently, a trade union need not wait upon a criminal conviction to bar from office corrupt, Communist, or Fascist influences. The responsibility of each union to see to it that it is free of such influences is not a responsibility placed upon our unions by law. It is a responsibility which rests upon our unions by the AFL–CIO constitution and by the moral principles that govern the trade-union movement. Eternal vigilance in this area is the price of an honest democratic trade-union movement.

It is not possible, nor is it desirable, to set down rigid rules to determine whether a particular individual in a position of responsibility or leadership in the trade union movement is a crook, a racketeer, a Communist, or a Fascist. Obviously, if a person has been convicted of a crime involving moral turpitude offensive to trade union morality, he should be barred from office of responsible position in the labor movement. Obviously also, a person commonly known to be a crook or racketeer, should not enjoy immunity to prey upon the trade unions movement because he has somehow managed to escape conviction. In the same manner, the fact that a person has refrained from formally becoming a member of the Communist Party or a Fascist organization should not permit him to hold or retain a position of responsibility or leadership in the trade union movement if, regardless of formal membership, he consistently supports or actively participates in the activities of the Communist Party or any Fascist or totalitarian organization.

In this area, as in all others, determinations must be made as a matter of commonsense and with due regard to the rights of the labor unions and the individuals involved.

On the basis of these considerations, the ethical practices committee, under the authority vested in it by the constitution of the AFL–CIO, pursuant to the mandate of the first constitutional convention of the AFL–CIO, recommends that the executive council of the AFL–CIO adopt the following policies to safeguard the good name of the AFL–CIO and its affiliated unions:

1. The AFL–CIO and each of its affiliated unions should undertake the obligation,

through appropriate constitutional or administrative measures and orderly procedures, to insure that no persons who constitute corrupt influences or practices or who represent or support Communist, Fascist, or totalitarian agencies should hold office of any kind in such trade unions or organizations.

2. No person should hold or retain office or appointed position in the AFL–CIO or any of its affiliated national or international unions or subordinate bodies thereof who has been convicted of any crime involving moral turpitude offensive to trade-union morality.

3. No person should hold or retain office or appointed position in the AFL–CIO or any of its affiliated national or international unions or subordinate bodies thereof who is commonly known to be a crook or racketeer preying on the labor movement and its good name for corrupt purposes, whether or not previously convicted for such nefarious activities.

4. No person should hold or retain office or appointed position in the AFL–CIO or any of its affiliated national or international unions, or subordinate bodies thereof who is a member, consistent supporter or who actively participates in the activities of the Communist Party or of any Fascist or other totalitarian organization which opposes the democratic principles to which our country and the American trade-union movement are dedicated.

ETHICAL PRACTICES CODE IV—INVESTMENTS AND BUSINESS INTERESTS OF UNION OFFICIALS (APPROVED BY THE AFL-CIO EXECUTIVE COUNCIL, JANUARY 31, 1957)

This is the fourth in a series of recommended codes which the committee on ethical practices has developed in accordance with the direction of the executive council that it should "develop a set of principles and guides for adoption by the AFL–CIO in order to implement the constitutional determination that the AFL–CIO shall be and remain free from all corrupt influences." Prior codes have dealt with the issuance of local union charters, welfare funds, racketeers, crooks, and Communists. The code herein recommended deals with conflicts of interest in the investment and business interests of union officials.

It is too plain for extended discussion that a basic ethical principle in the conduct of trade union affairs is that no responsible trade union official should have a personal financial interest which conflicts with the full performance of his fiduciary duties as a workers' representative.

Obviously an irreconcilable conflict of interest would be present if a trade union official, clothed with responsibility and discretion in conducting the representation of workers, simultaneously maintains a substantial interest in the profits of the employer of the workers whom he is charged with representing. Even though, in a particular instance, there may be no actual malfeasance in the representation of the employees involved, the opportunity for personal gain at the expense of the welfare of the employees whom the union official represents obviously exists.

Such a simple case, however, does not fully present the problems which exist, or may exist, in this area. There may be cases in which the conflict of interests is not so clear, but nevertheless exists. There are, on the other hand, forms of private investment which seem wholly devoid of any possibility of corruption or dereliction in trade union responsibility. It will be the purpose of this report to discuss some of the varying situations which may arise in this area and, on the basis of such discussion, to present a recommended code of minimum standards to which the committee believes all trade union officials should adhere in their investment and business interests.

The problems in this area, of course, could all be eliminated by adoption of the simple principle that no trade union official should, under any circumstances, use his own personal funds or property in any form of business enterprise or investment. But the committee feels that it is both unnecessary and unwise to establish such a rigid standard for trade union officials; union officers and agents should not be prohibited from investing their personal funds in their own way in the American free enterprise system so long as they are scrupulously careful to avoid any actual or potential conflict of interest. The American trade union movement does not accept the principle that either its members or its leaders should own no property. Both union leaders and members have the right to set aside their own personal reserves for themselves and their families, and to invest and use those reserves in legitimate ways.

But the trade-union leader does have certain special responsibilities which he must assume and respect because he serves as a leader in the trade-union movement. And those responsibilities, the committee believes, necessarily imply certain restraints upon his right to engage in personal investment, even with his own funds and on his own time. In a sense, a trade-union official holds a position comparable to that of a public servant. Like a public servant, he has a high fiduciary duty not only to serve the members of his union honestly and faithfully, but also to avoid personal economic interest which may conflict or appear to conflict with the full performance of his responsibility to those whom he serves.

Like public servants, trade-union leaders ought to be paid compensation commensurate with their services. But, like public servants, trade-union leaders must accept certain limitations upon their private activities which result from the nature of their services. Indeed, the nature of the trade-union movement and the responsibilities which necessarily must be accepted by its leaders, make the strictest standards with respect to any possible conflict of interest properly applicable.

It is plain, as already stated, that a responsible trade-union official should not be the owner in whole or in part of a business enterprise with which his union bargains collectively on behalf of its employees. The conflict in such a case is clear.

It is almost equally clear, the committee believes, that a trade union official should not be the owner of a business enterprise which sells to, buys from, or in other ways deals, to any significant degree, with the enterprise with which he conducts collective bargaining. Again, the possibility that the trade union official may be given special favors or contracts by the employer in return for less than discharge of his obligations as a trade union leader, exists.

Somewhat different considerations, however, apply to the ownership, through purchase on the open market or other legitimate means, of publicly traded securities. Employee ownership of stock is certainly a fairly common practice in American life. Often, indeed, there are special stock purchase plans designed to stimulate such employee investments.

On the other hand, ownership, even of publicly traded securities, in sufficient amounts to influence the course of management decision seems to the committee incompatible with the proper representation of the employees by a trade union official.

The committee believes, therefore, that the minimum standards of ethical conduct in this area should not forbid all investment by a trade union official in the corporate securities of companies employing the workers he represents. Such investment by a trade union official, however, should always be subject to the restriction that it is not acquired in an illegitimate or unethical manner, that it is limited to securities which are publicly traded, and that his interest should never be large enough so as to permit him to exercise any individual influence on the course of corporate decision.

There is nothing in the essential ethical principles of the trade-union movement which should prevent a trade-union official, at any level, from investing personal funds in the publicly traded securities of corporate enterprises unrelated to the industry or area in which the official has a particular trade-union responsibility. Such securities offer a wide choice of investment and are, generally speaking, so far removed from individual stockholder control or influence that with the exceptions above noted, there is no reason to bar investment by trade-union officials.

The same principles apply with respect to privately owned or closely held businesses which are completely unrelated to the industrial area in which the trade-union leader serves.

On the basis of these considerations, the ethical practices committee, under the authority vested in it by the constitution of the AFL–CIO and pursuant to the mandate of the first constitutional convention of the AFL–CIO, recommends that the executive council of the AFL–CIO adopt the following policies to safeguard the good name of the AFL–CIO and its affiliated unions:

1. No responsible trade-union official should have a personal financial interest which conflicts with the full performance of his fiduciary duties as a workers' representative.

2. No responsible trade-union official should own or have a substantial business interest in any business enterprise with which his union bargains collectively, or in any business enterprise which is in competition with any other business enterprise with which his union bargains collectively.

3. No responsible trade-union official should own or have a substantial business interest in a business enterprise a substantial part of which consists of buying from, selling to, or otherwise dealing with the business enterprise with which his union bargains collectively.

4. The provisions of paragraphs 2 and 3 above do not apply in the case of an investment in the publicly traded securities of widely held corporations which investment does not constitute a substantial enough holding to affect or influence the course of corporate decision.

5. No responsible trade-union official should accept "kickbacks," under-the-table payments, gifts of other than nominal value, or any personal payment of any kind other than regular pay and benefits for work performed as an employee from an employer or business enterprise with which his union bargains collectively.

6. The policies herein set forth apply to: (a) all officers of the AFL–CIO and all officers of national and international unions affiliated with the AFL–CIO, (b) all elected or appointed staff representatives and business agents of such organizations, and (c) all officers of subordinate bodies of such organizations who have any degree of discretion or responsibility in the negotiation of collective bargaining agreements or their administration.

7. The principles herein set forth apply not only where investments are made by union officials, but also where third persons are used as blinds or covers to conceal the financial interests of union officials.

ETHICAL PRACTICES CODE V—FINANCIAL PRACTICES AND PROPRIETARY ACTIVITIES OF UNIONS (APPROVED BY THE AFL–CIO EXECUTIVE COUNCIL, MAY, 22, 1957)

This is the fifth in a series of recommended codes which the committee on ethical practices has developed in accordance with the direction of the executive council that it should "develop a set of principles and guides

for adoption by the AFL–CIO in order to implement the constitutional determination that the AFL–CIO shall be and remain free from all corrupt influences." On August 29, 1956, the council approved a code dealing with the issuance of local union charters; on January 31, 1957, the executive council approved codes dealing with health and welfare funds, racketeering, crooks and Communists, and investment and business interests of union officials.

There are principles inherent in the conception of a free, honest, and democratic trade-union movement, which, the committee believes virtually dictate the outlines of any code of ethical practices dealing with union finances. The first of these principles hardly requires statement. It is simply that a labor union is an organization whose primary function is to improve the wages, hours and working conditions of the employees it represents, through the processes of collective bargaining with employers. It is not a business enterprise or an investment company. Unions, of course, must have funds with which to operate and it is clearly desirable that they should maintain reserves to cover contingencies which may arise in the course of the performance of their functions as workers' representatives. But, equally clearly, the accumulation of funds per se is not the objective for which the union exists. A union is not a profitmaking institution but a democratic organization with definite social aims and principles. Union funds are held in trust for the benefit of the membership. But a union, unlike a bank, a trustee, or other fiduciaries, is not primarily a manager of funds vested with the duty of enhancing their value and making distributions. Increasing the value of the union's funds should never become an objective of such magnitude that it in any way interferes with or obscures the basic function of the union, which is to devote its resources to representing its members, honestly and faithfully.

A second basic principle which dictates the terms of a code of ethical practices with respect to the handling of union funds is again simple. It is that unions are democratic organizations. The fact that a union is a democratic organization plainly implies that the members of the union are entitled to assurance that the union's funds, which are their funds, are not dissipated. They are also entitled to be reasonably informed as to how the funds of the organization are being used or invested. Finally, their delegated representatives in the union's governing body and conventions should have the power and responsibility to oversee the expenditure of the union's moneys so that the members can be guaranteed that funds are expended solely for the purposes for which the organization exists.

A final fundamental principle, the committee believes, is involved. That principle is that each national or international union affiliated with the AFL–CIO, in the words of the resolution on ethical practices which was unanimously adopted by the founding convention of the AFL–CIO in December 1955, "has clearly accepted the responsibility for keeping its own house in order and to protect the movement 'from any and all corrupt influences and from the undermining efforts of Communist agencies and all others who are opposed to the basic principles of our democracy and free and democratic unionism.'"

From these three basic principles, the committee believes that certain conclusions necessarily follow. Since a union holds its funds for the benefit of its membership and to further their interests it should comply with standards generally applicable to fiduciaries or trustees with respect to the manner in which it keeps its records and accounts. Regular audits should be made and there should be appropriate distribution of summaries of such audits so that the membership and the public are adequately apprised of the state of the organization's finances.

In this connection, a committee of secretary-treasurers of AFL–CIO affiliates has drawn up a suggested set of minimum accounting and financial controls for affiliates of the AFL–CIO. This set of controls represents, the committee believes, the minimum with which any affiliated organization should comply in order to fulfill the constitutional mandate that the labor movement should be kept free from any taint of corruption. Almost all unions, the committee believes, today comply with the minimum controls set forth in the recommendation of the secretary-treasurers. Many, indeed, have much stricter controls. The minimum controls suggested by the secretary-treasurers, therefore, should not be regarded as an optimum. Unions are to be commended and encouraged to establish and maintain even more stringent accounting and financial controls.

In addition to accounting and financial procedures necessary to conform to the controls applicable generally to well-run business organizations and fiduciaries, the committee believes that certain other rules follow the basic principles set forth above. Because a union is a union, not a business organization or a trust company, the rules which guide its use and investment of funds are necessarily different. For example, investments by business organizations in other businesses from which they buy or sell, so that the investing business may get favored treatment in its sales or purchases, may be an acceptable business practice; similar investment by a labor union in business enterprises with which it bargains collectively presents serious problems. Such investment is not good practice for a union.

The fact that the basic objective in the management of trade union funds is not the maximizing of profit, but to further the objectives of the members joining together in a union leads to additional conclusions.

A business organization has one function: to make money for its stockholders. A fiduciary's primary obligation is to preserve and, within limits defined by the necessity for safety, to augment the funds which the trustee is charged with holding for the benefit of the beneficiaries.

Since these are not a union's primary function, a union's investment policy may properly be governed by different considerations. For example, business institutions and corporate trustees might question today the propriety of investing all of their reserves in Government bonds because of their comparatively low yield. Yet, for a trade union, one of whose fundamental objects is to protect and strengthen our democratic institutions, such an investment policy is to be commended. Similarly, since another object of a trade union is to aid and assist other unions and to promote the organization of the unorganized into unions of their own choosing loans and grants for mutual aid and assistance are part of the proud tradition of the labor movement even though foreign to the business community and not justified by any considerations of financial gain or even security.

Similarly, the business community may not regard it to be a bad business practice for a business enterprise to buy or sell from firms in which the officers of the business have a financial interest. Nor may the business community regard it as bad practice for a business organization to lend money, on adequate security, to members of the organization. Because the funds of a labor union are both held in trust for the benefit of its members and are held to further legitimate trade union purposes, practices which may be acceptable in business organizations, the committee believes, should be limited if not completely eliminated among labor organizations.

All of these considerations lead to this ultimate conclusion. With respect to accounting and financial controls and the expenditure of its funds for proprietary (housekeeping) functions the labor movement, it goes almost without saying, should follow the strictest rules applicable to all well-run institutions. With respect to the policies governing its financial and proprietary decisions, a higher obligation rests upon the trade union movement: to conduct its affairs and to expend and invest its funds, not for profit, but for the benefit of its membership and the great purposes for which they have joined together in the fraternity of the labor movement.

On the basis of these considerations the committee on ethical practices, under the authority vested in it by the constitution of the AFL–CIO and pursuant to the mandate of the first constitutional convention of the AFL–CIO and of the executive council, recommends that the executive council of the AFL–CIO adopt the following policies to safeguard the good name of the AFL–CIO and its affiliated unions:

1. The AFL–CIO and all affiliated national and international unions should comply with the minimum accounting and financial controls suggested by the committee of secretary-treasurers and approved by the executive council, which is annexed hereto.

2. The AFL–CIO and all affiliated national and international unions should conduct their proprietary functions, including all contracts for purchase or sale or for the rendition of housekeeping services, in accordance with the practices of well-run institutions, including the securing of competitive bids for all major contracts.

3. Neither the AFL–CIO nor any national or international union affiliated with the AFL–CIO should permit any of its funds to be loaned, invested, or otherwise dealt with in a manner which inures to the personal profit or advantage of any officer, representative or employee of the union.

4. Neither the AFL–CIO nor any national or international union affiliated with the AFL–CIO should enter into any contracts of purchase or sale or for the rendition of services which will inure to or result in the personal profit or advantage, including gifts of more than nominal value, other than his regular salary or compensation, of any officer, representative or employee of the union.

5. Neither the AFL–CIO nor any national or international union affiliated with the AFL–CIO should invest in or make loans to any business enterprise with which it bargains collectively.

6. The provisions of paragraph 5 shall not be construed as prohibiting investment by unions in the publicly traded securities of widely held corporations which investment does not constitute a substantial enough holding to affect or influence the course of corporate decision; the provisions of paragraphs 3 and 4 shall not be construed as applying to the profit that may result from a proper investment by a union officer, representative or employee. Nor shall such provisions be construed as preventing investment in a business or enterprise in which an official of an affiliate is engaged by virtue of his office, provided (a) no substantial personal advantage is derived from the relationship, and (b) the business or enterprise is one in the management of which the affiliate participates for the benefit of its members. The provisions of such paragraphs, however, shall apply wherever third persons are used as blinds or covers to conceal the personal profit or advantage of union officials.

7. Neither the AFL–CIO nor any national or international union affiliated with the AFL–CIO should make personal loans to its officers, representatives, employees, or members, or members of their families, for the purpose of financing the private business or investment of such persons.

8. Each national or international union affiliated with the AFL–CIO should promptly take whatever internal steps are needed to insure that the standards set forth in this code are made applicable to itself and each of its locals and other subordinate or affiliated bodies. Wherever constitutional amendments or changes in internal administrative procedures are necessary to fully comply with those standards, such amendments and changes should be undertaken by the affiliates at the earliest practicable opportunity.

SUPPLEMENTAL CODE—MINIMUM ACCOUNTING AND FINANCIAL CONTROLS (DRAFTED BY SPECIAL COMMITTEE OF UNION SECRETARY-TREASURERS; APPROVED BY EXECUTIVE COUNCIL, MAY 22, 1957)

A. Detailed and accurate records of accounts, in conformity with generally recognized and accepted principles of accounting, should be currently maintained by all affiliates of the AFL–CIO. These records should include, as a minimum need, a cash receipt record, a cash disbursements record, a general ledger, a dues or per capita tax record, an investment record, and a payroll record.

B. All receipts should be duly recorded and currently deposited. No disbursements of any nature should be made from undeposited cash receipts.

C. All expenditures should be approved by proper authority under constitutional provision and be recorded and supported by vouchers, providing an adequate description of the nature and purpose of the expenditure sufficient for a reasonable audit by internal and independent auditors. Disbursements should be made only by check, with the exception of disbursements from petty cash, in which situation, an imprest petty-cash fund should be established.

D. Salaries of elected officials should be established only by constitutional provision. Compensation to nonsalaried elected officials, and to other officials, representatives and employees, if not fixed by constitutional provision, should be established and paid in strict conformity with such authority as is provided by the constitution and in accordance with its applicable provisions.

E. Reimbursement of expenses, including per diem expenses, should be made only where such expenses have been duly authorized and are supported in a manner that will permit a reasonable audit.

F. Every precaution should be taken to insure the soundness and safety of investments and that investments are made only by persons duly authorized to act for and on behalf of the affiliate. Investments in securities should either be restricted to the type of securities which legally qualify for trust fund investments in the domicile state or a person or persons authorized to invest funds of an affiliate should, in making such investment, be required to exercise the judgment and care under the circumstances then prevailing which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering probable safety of their capital as well as probable income. No investment should be made by an affiliate in a business or enterprise in which any officer of that affiliate has a direct or indirect personal financial interest of such a nature as to be affected by the affiliate's investment or withdrawal of investment. (This last stated provision is not to be construed as preventing investment in a business or enterprise in which an official of an affiliate is engaged by virtue of his office, provided (a) no substantial personal advantage is derived from the relationship, and (b) the business or enterprise is one in the management of which the affiliate participates for the benefit of its members.) Securities owned by the affiliate should be under dual officer control and held by a bank or a trust company as agent or if that is not feasible, such securities should be placed in a safety deposit vault. All investments and legal title to all assets of an affiliate should be in the name of the affiliate or its duly designated agent or trustee.

G. Periodic, but not less than semiannual, detailed financial reports should be prepared in accordance with generally recognized and accepted standards of financial reporting. These reports should be prepared and submitted by the elected financial officer of the affiliate to the executive body of such affiliate for its study and such action as may be required.

H. A record of each meeting of the executive body of an affiliate should be made and maintained. These records should note all official actions taken by that body, in relation to accounting and financial matters.

I. Adequate fidelity bond coverage should be required by an affiliate for all officers, representatives and employees of that affiliate in positions of trust, including officers and employees of subordinate bodies of such affiliate.

J. Affiliates and their subordinate bodies should be subject to a system of internal audits made by auditors or by other competent persons in accordance with generally accepted standards of auditing so as to maintain current vigilance over all financial transactions.

K. At least annually, an audit of the accounts of each affiliate, except directly affiliated local unions of the AFL–CIO, should be made by independent certified public accountants. A summary of such audit approved by such independent certified public accountants should be made available to the membership of the affiliate and the public.

Each such affiliate should require, at least annually, that an audit be made of the accounts of its subordinate bodies by competent persons. A summary of such audit approved by such competent persons should be made available to the membership of such subordinate body.

An annual audit of the accounts of directly affiliated local unions should be made by authorized competent representatives of the AFL–CIO designated by the secretary-treasurer of the AFL–CIO. A summary of such audit, approved by such representative, shall be made available to the membership of such directly affiliated local unions.

L. All financial and accounting records of affiliates and their subordinate bodies, and all supporting vouchers and documents, or microfilm copies thereof, should be preserved for a period of time not less than that prescribed by applicable statutes of limitations.

M. Neither the AFL–CIO nor any national or international union affiliated with the AFL–CIO should make personal loans to its officers, representatives, employees, or members, or members of their families, for the purpose of financing the private business or investment of such persons.

N. No kickbacks or any other improper payments should be accepted or made, directly or indirectly, by any officer, representative or employee of an affiliate in connection with any financial transaction of such affiliate.

O. Affiliates should take every precaution necessary to insure their full compliance with all properly authorized and applicable requirements of State or Federal law pertaining to financial and accounting matters and to reporting.

P. In order to protect and safeguard the good name and reputation of the AFL–CIO and its affiliates, the financial and accounting controls set forth herein are made applicable to itself and each of the affiliates of the AFL–CIO and their subordinate bodies and to all their funds of whatever nature.

Q. Where constitutional amendments or changes in internal administrative procedure are necessary to a full compliance with the standards set forth herein, such amendments and changes should be undertaken by affiliates at the earliest practicable opportunity.

ETHICAL PRACTICES CODE VI—UNION DEMOCRATIC PROCESSES—(APPROVED BY THE AFL-CIO EXECUTIVE COUNCIL, MAY 23, 1957)

This is the sixth in a series of recommended codes developed by the AFL–CIO committee on ethical practices. The prior codes have dealt, primarily, with the questions related to corruption and conflicts of interest. The present code has been developed by the committee pursuant to the mandate contained in article II, sections 10 and 11, of the constitution of the AFL–CIO which sets forth the basic objectives of the federation to protect the labor movement not only from corrupt influences and Communist agencies but also from all others who are opposed to the basic principles of our democracy and free and democratic unionism, and to safeguard the democratic character of the labor movement.

These constitutional provisions of the AFL–CIO give effect to the democratic tradition upon which the entire labor movement is based. Freedom and democracy are the essential attributes of our movement. Labor organizations lacking these attributes, like Hitler's labor front, Franco's syndicates, and Moscow's captive unions, are unions in name only. Authoritarian control, whether from within the labor movement or imposed from without by government, is contrary to the spirit, the tradition and the principles which should always guide and govern our movement.

We are proud of our record. Just as the constitution of the AFL–CIO proclaims its dedication to the concepts of freedom and democracy and contains machinery for their implementation in the federation's operations, so also do the constitutions of its affiliates. Almost without exception, they provide for the basic elements of union democracy: The right of full and equal participation by each member in the affairs and processes of union self-government, in accordance with the principles of representative democracy, and the necessity for protecting the rights of individual members.

The record of union democracy, like the record of our Nation's democracy, is not perfect. A few unions do not adequately, in their constitutions, provide for these basic elements of democratic practice. A few unions do not practice or implement the principles set forth in their constitutions. Finally, while the overwhelming majority of American unions both preach and practice the principles of democracy, in all too many instances the membership by apathy and indifference have forfeited their rights of union citizenship.

The provisions of the Taft-Hartley Act have substantially frustrated previously successful efforts by unions to insure maximum attendance and participation by the membership in union meetings and affairs. The real corrective in this area is not so much the establishment of new principles as the exercise of rights presently recognized and accorded. Just as eternal vigilance is the price of liberty, so is the constant exercise of the rights of union citizenship the price of union democracy.

It is valuable, nevertheless, to restate the principles which should govern all free and democratic unions and to rededicate the labor movement to the preservation of these principles.

The committee on ethical practices has attempted to formulate in the following code the basic and elementary principles which any affiliated union should achieve if it is to comply with the basic principles and objects of the AFL–CIO constitution. Necessarily, since each union has grown up in its own tradition and with its own background, forms and procedures may differ widely. Unions should be free to determine their own

governmental structure and to regulate their own affairs. But, whatever the form, the basic democratic rights set forth in the code should be guaranteed.

1. Each member of a union should have the right to full and free participation in union self-government. This should include the right (a) to vote periodically for his local and national officers, either directly by referendum vote or through delegate bodies, (b) to honest elections, (c) to stand for and to hold office, subject only to fair qualifications uniformly imposed, (d) to voice his views as to the method in which the union's affairs should be conducted.

2. Each member of a union should have the right to fair treatment in the application of union rules and law. The general principle applicable to union disciplinary procedures is that such procedures should contain all the elements of fair play. No particular formality is required. No lawyers need be used. The essential requirements of due process, however—notice, hearing, and judgment of the basis of the evidence—should be observed. A method of appeal to a higher body should be provided to ensure that judgment at the local level is not the result of prejudice or bias.

3. Each member of a union has the responsibility (a) fully to exercise his rights of union citizenship and (b) loyally to support his union. The right of an individual member to criticize the policies and personalities of his union officers does not include the right to undermine the union as an institution, to advocate dual unionism, to destroy or weaken the union as a collective-bargaining agency, or to carry on slander and libel.

4. To safeguard the rights of the individual members and to safeguard its democratic character, the AFL–CIO and each affiliated national or international union should hold regular conventions at stated intervals, which should be not more than 4 years. The convention should be the supreme governing body of the union.

5. Officers of the AFL–CIO and of each affiliated national or international union should be elected, either by referendum vote or by the vote of delegate bodies. Whichever method is used, election should be free, fair, and honest and adequate internal safeguards should be provided to insure the achievement of that objective.

6. All general conventions of the AFL–CIO and of affiliated national or international unions should be open to the public, except for necessary executive sessions. Convention proceedings or an accurate summary thereof should be published and be available to the membership.

7. The appropriate officials of the union and such bodies which are given authority to govern a union's affairs between conventions should be elected, whether from the membership at large or by appropriate divisions, either by referendum vote or by the vote of delegate bodies. Such bodies shall abide by and enforce the provisions of the union's constitution and carry out the decisions of the convention.

8. Membership meetings of local unions should be held periodically with proper notice of time and place.

9. Elections of local union officers should be democratic, conducted either by referendum or by vote of a delegate body which is itself elected by referendum or at union meetings.

10. The term of office of all union officials should be stated in the organization's constitution or bylaws and should be for a reasonable period, not to exceed 4 years.

11. To insure democratic, responsible, and honest administration of its locals and other subordinate bodies, the AFL–CIO and affiliated national and international unions should have the power to institute disciplinary and corrective proceedings with respect to local unions and other subordinate bodies, including the power to establish trusteeships where necessary. Such powers should be exercised sparingly and only in accordance with the provisions of the union's constitution, and autonomy should be restored promptly upon correction of the abuses requiring trusteeship.

12. Where constitutional amendments or changes in internal administrative procedures are necessary to comply with the standards herein set forth such amendments and changes should be undertaken at the earliest practicable time.

APPROVAL OF BAN ON FORCED LABOR

Mr. HUMPHREY. Mr. President, news dispatches from Geneva indicate that delegates from 78 countries now attending the International Labor Organization Conference will approve today a ban on forced labor. This subject has been close to my heart, Mr. President, because of the hearings which have been held in the Congress. The ILO Committee on Forced Labor 3 days ago gave its approval to the draft which will be considered today. The committee rebuffed amendments from the Iron Curtain countries to shift the emphasis away from forced labor of the type practiced in the Soviet orbit.

I was glad to note in the press today, Mr. President, that Mr. George Delaney, the AFL-CIO international representative at the conference, spoke in strong terms about the hypocrisy of ratification of the forced labor convention by Communist-bloc countries. We are finally doing what we should have been doing in previous conferences on this issue—putting the Communists on the spot in unmistakable terms.

There was a time when our Government, out of fear and timidity, was unwilling to back an international forced labor convention. This was the situation last year when I introduced Senate Resolution 284, Senate Concurrent Resolution 75, and Senate Joint Resolution 117. These resolutions would have placed the Senate on record in support of the ILO Forced Labor Convention. The hearings which were held on Senate Joint Resolution 117 by the Senate Labor Subcommittee in April 1956 played, I am convinced, an important role in reversing our own Government's position.

Mr. George Delaney himself is due a major share of the credit for this reversal. I want to commend him again, as well as the distinguished senior Senator from Illinois [Mr. DOUGLAS], for his valiant help in chairing the subcommittee hearings last year.

Mr. President, I ask unanimous consent that an article by A. H. Raskin which appeared in the New York Times on June 18, 1957, and another article by him which appeared in this morning's Times be printed at this point in my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times of June 18, 1957]

ILO GROUP VOTES BAN ON SLAVE LABOR

(By A. H. Raskin)

GENEVA, June 17.—The Committee on Forced Labor of the International Labor Organization gave unanimous approval tonight to a world ban on slave labor.

Representatives of the United States, the Soviet Union, Britain, and most other major powers took part in the vote. All that now stands in the way of a draft treaty outlawing compulsory labor is the necessity for formal endorsement of the committee's action by the full conference of the United Nations agency.

The committee rebuffed attempts from the Iron Curtain countries to load the treaty with amendments designed to shift the emphasis away from forced labor of the type practiced in the Soviet orbit.

The treaty would bind each ratifying power to suppress all forms of labor coercion as means of political punishment, economic development, labor discipline, reprisal against strikes or racial discrimination.

Its approval is the fruit of a fight begun 10 years ago by the American Federation of Labor and aimed at slave labor in the Soviet Union. Two official investigating committees appointed as a result of the campaign found many instances of labor enslavement in Iron Curtain countries.

However, all the Communist countries at the present conference insist that they have no forced labor and that the chief abuses exist in the Asian and African colonies of capitalist powers.

The Soviet Union and its 8 satellite delegations have given every indcation that their Governments will ratify the treaty when it is sent to the 78 member nations for action.

COMPLAINTS SAID TO GROW

This will intensify pressure for more effective enforcement machinery within the United Nations labor organization to guard against hypocritical assumption of international obligations by the Soviet bloc. Complaints on this score have grown as a result of the wholesale ratification by the Communist countries in the last few months of treaties guaranteeing free trade unionism.

The watchdog committee of the labor organization on the application of conventions will ask the full conference early next week to authorize a special request to Communist Hungary for information on how she is living up to the treaty on free unionism. Under normal procedures no official report from the Hungarian regime is due until late in 1959.

The Hungarian delegation already has told the committee it does not intend to be rushed. However, the moral force of a demand for early submission of the data by the full conference may prove more persuasive than the unsupported request of the committee.

The labor organization changed its rules this afternoon to end the ability of the Soviet countries to filibuster by demanding rollcall votes any time they wanted them. Under the old rules a rollcall was obtainable on the demand of 20 delegates; the new rules require a minimum of 50. The combined number of all the Iron Curtain representatives is 36.

At a plenary session of the conference, a speaker urged private employers in industrial countries to give their workers job guaranties for a fixed period. The proposal was made by Leon E. Troclet, Belgian Minister of Labor and Social Welfare.

He warned that fear of unemployment would retard automation unless labor received assurances of job security. He called also for a revision in concepts of unemployment insurance to meet the challenge of machines used to run other machines.

[From the New York Times of June 21, 1957]

ILO BARS CHECK ON SLAVE LABOR—KILLS MOVE FOR PERMANENT INSPECTION—UNITED STATES UNIONIST HITS REDS ON HUNGARY

(By A. H. Raskin)

GENEVA, June 20.—The International Labor Organization killed today a move for a

permanent inspection system to police the projected world ban on forced labor.

The action came after a United States union leader had denounced the Soviet Union for its suppression of the Hungarian revolt and had accused the Communist bloc of hypocritical ratification of treaties guaranteeing labor freedom.

The entire Hungarian delegation to the annual conference of the United Nations labor agency walked out during the attack, made by George P. Delaney, international representative of the American Federation of Labor-Congress of Industrial Organizations.

Prof. Amazasp A. Arutiunian, chief Soviet representative, also quit the hall while Mr. Delaney was listing the findings of the United Nations Special Committee on Hungary to support his charge that Moscow had been guilty of one of history's greatest betrayals.

PROPOSALS CALLED TOO LATE

Mr. Delaney made an unexpected proposal yesterday for the establishment of a watchdog committee to check on how faithfully countries lived up to their commitments on wiping out slave labor. Today Arnold Saxer, of Switzerland, Chairman of the Committee on Forced Labor, ruled that the idea had been put in too late for consideration at the present experience.

Delegates from 78 countries are scheduled to approve a treaty against compulsory labor at tomorrow's plenary session. Each country must then submit the pact to its own government for individual ratification.

Mr. Delaney gave the conference its first knowledge of the contents of the United Nations special report on Hungary. After an extended recital of the Committee's findings, he asked how the Soviet delegates could come before the sessions and prattle of Moscow's desire for peace or its concern for workers' rights.

"How long do we propose to allow member states of the ILO to violate at will every principle of this organization and yet come here to give us lipservice and boast of the ratification of conventions?" the United States unionist asked.

He asserted that without proper inspection treaties to protect labor would be just dead pieces of paper.

Later two Communist spokesmen struck back with personal attacks on Mr. Delaney.

Laszlo Hermann, director of Hungary's acoustical and cinematrographic equipment factory, termed the union official an employer delegate. He described the talk as despicable and improper.

Serge A. Slipchenko, the Ukrainian Deputy Minister of Foreign Affairs, asserted that Mr. Delaney's wrath stemmed from the inability of the United States to stir successful uprisings in Communist countries, despite the spending of hundreds of millions of dollars to organize provocations.

DESIGNATION OF LYON, YELLOW MEDICINE, REDWOOD, AND BROWN COUNTIES, MINN., FOR EMERGENCY LOANS

Mr. HUMPHREY. Mr. President, about 2 days ago in the Senate I urged action by the Department of Agriculture in behalf of the people of Minnesota that have been the victims of tremendous, devastating floods—floods all through the southwestern portion of our State. I am happy to report today that a letter has just been delivered to me by my assistant stating that "the State Farmers Home Administration director, in making this report has recommended to the Department the designation of Lyon, Yellow Medicine, Redwood, and Brown Counties for emergency loans. This proposed action is in accordance with the provisions of Public Law 38."

Mr. President, I ask unanimous consent that the letter to which I have referred, from the Department of Agriculture Farmers Home Administration, be printed in the RECORD at this point in my remarks, since it is in reply to a statement I made in the Senate on, I believe, Wednesday of this week.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES
DEPARTMENT OF AGRICULTURE,
FARMERS' HOME ADMINISTRATION,
Washington, D. C., June 21, 1957.

Hon. HUBERT H. HUMPHREY,
United States Senate.

DEAR SENATOR HUMPHREY: This letter is in reply to your telegrams of June 19 regarding the damage that has occurred on farms in some of the southwest Minnesota counties as a result of the recent floods.

On Monday, June 17, the State Farmers' Home Administration officials were in the flooded area and began a general survey of the farm damage and emergency credit needs. The completion of this necessary work preparatory to the Department of Agriculture taking action to make emergency loans available has been hampered somewhat by the road conditions and by the lack of good communications in the flooded area. However, we received in Washington today a full report covering the results of the survey. The State Farmers' Home Administration director in making this report has recommended to the Department the designation of Lyon, Yellow Medicine, Redwood, and Brown Counties for emergency loans. This proposed action is in accordance with the provisions of Public Law 38. The farm damage in the area consists mainly of losses of corn and bean crops, other small grains, hay, and pastures. Some farm buildings have been lost or damaged. Although some damage has occurred in other surrounding counties as a result of the floodwater, the survey submitted shows that the credit needs of farmers in these other counties can now be handled through private sources of credit supplemented by the Farmers' Home Administration under its regular lending programs. FHA county officials in these surrounding counties have been requested to inform local agricultural leaders, farmers, and other interested groups of the credit services available through the agency.

We have assured FHA field officials that quick action will be taken by this agency and by the Department regarding their recommendation to authorize emergency loans in the four-county area. When these emergency loans are authorized, farmers may apply for both at the local Farmers' Home Administration county offices. These loans will be available to meet the cost of replanting crops, other expenses incurred as a result of the flood, and for meeting general agricultural expenses necessary for the continuation of the farming operations of the applicant. For your ready reference we are enclosing several copies of leaflets explaining in more detail the emergency loan program. We will be glad to inform you as soon as final action has been taken in connection with the making of emergency loans available in the area indicated.

We greatly appreciate your interest in the activities of this agency and want to assure you of our desire to be of assistance to you in connection with any additional questions you may have regarding this agency's activities.

Sincerely yours,

H. C. SMITH,
Acting Administrator.

ARMAMENTS IN KOREA

Mr. HUMPHREY. Mr. President, this morning the United Nations Command in Korea announced that it would begin to replace the obsolete weapons of its forces in South Korea. The decision turns our attention once again to the situation existing in Korea. I should like to spend a few minutes to review that situation and at the same time to offer what I think is a constructive additional step for our Government to consider taking at this time.

The announcement of the United Nations Command was not surprising. Ever since the Korean armistice was signed in 1953, the Communists have been steadily adding to and modernizing the weapons of North Korean forces. They paid no heed to those clauses of the armistice which prohibited the reinforcement of military personnel and equipment. On the other side of the armistice line, however, the United Nations Command scrupulously observed the armistice agreement and shipped into South Korea only replacements for existing weapons, however outmoded those weapons were.

The result has been an ever-widening imbalance in military strength in Korea, although the very purpose of the arms-control provisions of the armistice had been to maintain the balance which existed at the end of hostilities. At first glance there appears to be a balance in manpower. In North Korea there is reportedly an army of 790,000, of whom 490,000 are North Koreans and 300,000 are Communist Chinese. In South Korea the Republic of Korea has an estimated army of 650,000, supplemented by 80,000 American troops and 5,000 troops from other members of the United Nations.

However, the apparent manpower balance in Korea masks a dangerous imbalance. Beyond the Yalu River in Manchuria there are a million additional Chinese Communist troops who could march into Korea at any time. Equally serious, the United Nations and South Korean forces, having observed the armistice, are equipped only with the amount and types of weapons which they had 4 years ago when the Korean war ended. This means they are saddled with outmoded planes, tanks, and artillery. In contrast, and in violation of the armistice, the Communists have been supplied new weapons. Whereas there were no planes in North Korea at the time of the armistice, there are now known to be more than 700 planes, of which 500 are jets.

Such an imbalance in power is exceedingly dangerous. It is to correct this imbalance, this invitation to aggression, that the administration has decided to begin immediately to modernize the equipment of American forces in Korea. I am happy to note that some restraint in this decision has been exercised. The United States acted only after consulting all the other nations with troops still in Korea. The announcement made it clear that all other provisions of the armistice will continue in effect. For the present only the American forces will be supplied the

modern armaments, and for the present atomic weapons and missiles will not be included at all.

This is not the first portion of the armistice which has been grossly violated by the Communists. They also sabotaged the inspection system which was established to supervise the arms control provisions. They hampered attempts at inspection in every conceivable way.

Unfortunately, the inspection system established by the armistice left some loopholes which made evasion of the inspection provisions possible. It did not provide for aerial inspection. Two of the four members of the Neutral Nations Supervisory Commission, Poland and Czechoslovakia, acted as agents for the Communists and blocked effective inspection by the other 2 members, Sweden and Switzerland. There was no neutral chairman to break a tie vote. Finally, even ground inspectors were limited to certain areas rather than having unimpeded access to all of Korea. However, the inspection system did provide valuable lessons on the requirements of effective inspection which we can utilize in future agreements.

I submit, in the negotiations at London, the lessons of Korea should be carefully watched and applied.

As a result of the failure of the inspection system, on May 31, 1956, the United Nations Command announced that as long as the Communist side defaulted in its obligations for inspection, the United Nations side would also not comply with the inspection provisions.

The action of the Communists in North Korea, as I have pointed out, invited and made necessary the decision of the United Nations Command to equip United States forces in Korea with modern armaments. The Communists could hardly expect to replenish and augment their military force in Korea indefinitely and have the United Nations Command sit idly by and watch the armistice being flagrantly violated.

Mr. President, this problem was brought directly to my attention and to the attention of the subcommittee on disarmament some time ago by Arthur Dean, former special Ambassador to Korea. Mr. Dean, when he testified before the subcommittee in January of this year, cited numerous examples of how the Communists had violated the inspection and arms limitation provisions of the armistice. I have pondered about this problem for a long time and I have tried to think of it both in terms of protecting our forces and position in Korea, and also in terms of the present state of international tension throughout the world.

Mr. President, what I am about to suggest should not in any way be construed as criticizing the decision of the National Security Council to rearm our troops in Korea under the present circumstances. I believe firmly that if the Communists continue to supply their forces with new armaments with increased firepower, and if they insist on ignoring the armistice, we must act to protect our troops and to fulfill our responsibility to the United Nations and to South Korea.

I think, however, that at this stage in crucial disarmament negotiations we must look at the Korean problem also from a world viewpoint. We are all aware, Mr. President, that the United States is working diligently in London today to try to achieve a first-step disarmament agreement. We must recognize that the world is desperately hoping that the arms race may be halted. We want to be able to reduce world tensions.

Therefore, I suggest to my colleagues and to the administration that another step should be fully explored. That step is this. We should offer to meet with the Communist command and propose new military arrangements providing for a thinning out of armed forces and armaments and for effective mutual inspection. We know that the inspection system that had been followed in the Korean armistice was woefully inadequate. But the Soviet Union has subsequently accepted, in principle at least, the concept of both ground and aerial inspection. If proper inspection safeguards could be installed, then a potentially dangerous arms competition between North and South Korea might be averted. If such an agreement could eventually be worked out, it would simultaneously provide an excellent pilot area for the mutual air and ground inspection on which the United Nations Disarmament Subcommittee is at present negotiating in London. I also believe that an eventual thinning out of the armed forces and armaments of both sides would be more likely to enhance a political settlement of the Korean problem than action which would result in sending more armaments to an area already charged with extreme tension.

Mr. President, Korea can be a testing ground of the sincerity of the Soviets. Korea can be a test area as to whether or not we can enter into a disarmament negotiation and agreement with any degree of safety. Korea can be a test area for the effectiveness of inspection. And Korea is a pilot area which ought to be fully explored with reference to disarmament discussions.

Mr. President, it is apparent that wars may break out between small powers and in specific geographical areas in the same way that they can be fomented by a large power. The danger of surprise attack has not been removed in Korea. Therefore, this country has a vital interest in seeing that the likelihood of armed conflict does not increase but, in fact, decreases. We need to be trying arms control and inspection systems wherever we can. Let us test the Communists by giving them an opportunity to submit to effective aerial and ground inspection and a reduction of the armaments and armed forces in Korea.

Mr. President, I hope that this course will commend itself to the administration. We have shown admirable restraint in the decision to supply our forces in Korea by not at this time supplying them with atomic weapons. But even this choice may be made inevitable if the Communists refuse to consider the folly of continuing to send armaments into North Korea. I firmly believe that it would help the cause of peace and the cause of disarmament if the United States were to proceed simultaneously with the modernization of military equipment in Korea and the offer to renegotiate with the Communists for a new arms limitation and inspection system in Korea.

I underscore the statement that we must proceed simultaneously to notify the Communists that we will rearm every man and every division of troops in every area where we have military forces at the same time we are prepared to negotiate to secure disarmament.

We must be careful that the tenuous armistice does not become broken altogether and allow the war to be resumed. If we offer and the Communists refuse, then we shall again receive sad but realistic news that the Communists are not yet willing to take positive steps for peace.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. If there be no reports of committees, the clerk will state the nominations on the Executive Calendar.

FARM CREDIT ADMINISTRATION

The Chief Clerk read the nomination of Marshall R. Edwards, of Florida, to be a member of the Federal Farm Credit Board, Farm Credit Administration, for the term expiring March 31, 1963.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of George W. Lightburn, of Oklahoma, to be a member of the Federal Farm Credit Board, Farm Credit Administration, for the term expiring March 31, 1963.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the President be immediately notified of all nominations confirmed today.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. I wish to give notice, Mr. President, that on Monday we expect to proceed to consider the Interior Department appropriation bill. We will also handle any conference reports that may be agreed upon.

In addition, we expect there will be reported to the Senate next week the Defense Department appropriation bill and the Public Works appropriation bill,

and we expect those to be considered at the earliest possible date.

We are hopeful we may be able to finish all the appropriation bills, with the exception of the mutual aid-mutual security bill, and send them to the President, by the end of the fiscal year.

Mr. President, I should like to announce also that it has been agreed among the majority leader, the minority leader, the Senator from Georgia [Mr. RUSSELL] and the Senator from Illinois [Mr. DOUGLAS] that none of us—nor anyone we can persuade to follow our suggestions—will take any action with regard to the civil rights bill which was placed on the calendar yesterday, or any other bill of that nature, before July 8. We hope to use the intervening time to pass appropriation bills, which must be passed before the end of the fiscal year, and to clear our calendar of emergency measures. It may be, on July 8, that a motion will be made to proceed to the consideration of the civil rights bill, or that some other action will be taken, but the agreement entered into by the Members involved provides that none of them will take such action prior to July 8.

I desire to make a parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. An order has been entered, has it not, that when the Senate concludes its deliberations today it will stand in recess until Monday noon?

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. The Senate will stand in recess, and not in adjournment?

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. I previously announced, but I wish to repeat, that we expect to call the calendar next week. I should like to have the calendar committees on both sides to take notice of that fact.

The PRESIDING OFFICER. What is the pleasure of the Senate?

RECESS TO MONDAY

Mr. JOHNSON of Texas. Mr. President, if there are no other Senators who desire to address the Senate at this time, in accordance with the order previously entered, I now move that the Senate stand in recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 6 o'clock and 26 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, June 24, 1957, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 21, 1957:

UNITED NATIONS

Neil H. Jacoby, of California, to be the representative of the United States of America on the Economic and Social Council of the United Nations, vice John C. Baker, resigned.

UNITED STATES DISTRICT JUDGE

Joseph C. Zavatt, of New York, to be United States district judge for the eastern district of New York, vice Clarence G. Galston, retired.

UNITED STATES ATTORNEY

William Cozart Calhoun, of Georgia, to be United States attorney for the southern district of Georgia for a term of 4 years. (Reappointment.)

CONFIRMATIONS

Executive nominations confirmed by the Senate June 21, 1957:

FARM CREDIT ADMINISTRATION

To be members of the Federal Farm Credit Board, Farm Credit Administration, for the term expiring March 31, 1963

Marshall R. Edwards, of Florida
George W. Lightburn, of Oklahoma

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 21, 1957

The House met at 11 o'clock a. m.

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MCCORMACK). The Chair lays before the House the following communication from the Speaker.

The Clerk read as follows:

THE SPEAKER'S ROOMS,
HOUSE OF REPRESENTATIVES, U. S.
Washington, D. C., June 21, 1957.

I hereby designate the Honorable JOHN W. MCCORMACK to act as Speaker pro tempore today.

SAM RAYBURN,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou Eternal God, as we turn to Thee in prayer, may we receive a vivid and vital sense of those spiritual realities and resources which invest life with dignity and worth.

Give us the certainty that none of the high and noble ideals and aspirations which we cherish are too lofty to be fulfilled by Thy divine wisdom and power.

Grant that by Thy grace we may triumph over all our doubts and fears and daily be strengthened in mind and heart by a joyous faith in the Lord God omnipotent.

May our whole life be aglow with a radiant vision of the splendor and glory of that great day when the kingdom of peace and good will shall be established upon the earth.

In Christ's name we offer our prayer. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McBride, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 196. Concurrent resolution commemorating the week of June 30 through July 6, 1957, the "125th Anniversary of 'America' Week."

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 118]

Anfuso	Diggs	Murray
Ayres	Dorn, S. C.	O'Hara, Minn.
Bailey	Durham	Patterson
Barden	Edmondson	Powell
Baumhart	Farbstein	Rains
Beamer	Fino	Rivers
Blatnik	Fisher	Robeson, Va.
Blitch	Grant	Rogers, Mass.
Bonner	Gubser	Sadlak
Bow	Healey	Santangelo
Bowler	Hébert	Saund
Buckley	Holifield	Scherer
Cederberg	Holtzman	Scott, Pa.
Chamberlain	Kearney	Sheehan
Christopher	Kluczynski	Sikes
Clark	Knutson	Steed
Collier	Krueger	Teller
Colmer	LeCompte	Vursell
Coudert	McConnell	Walter
Curtis, Mo.	McIntosh	Wharton
Dawson, Ill.	Machrowicz	Williams, Miss.
Dawson, Utah	May	Wilson, Calif.
Dellay	Montoya	Zelenko

The SPEAKER pro tempore. On this rollcall, 364 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FURLOUGH TRAVEL BY SERVICE PERSONNEL

Mr. COOPER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill H. R. 7954, relating to the exemption of furlough travel by service personnel from the tax on the transportation of persons.

The bill was unanimously reported favorably by the Committee on Ways and Means.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

Mr. FULTON. Mr. Speaker, reserving the right to object, this is a very worthy measure, but is there any information from the committee as to when coal is going to be relieved from the transportation tax which was put on as a wartime measure?

Mr. COOPER. That is not involved in this matter at all.

Mr. FULTON. No; I am aware of that; but that is a possible proposal.

Mr. COOPER. I suggest that the gentleman might take that up with the Treasury Department. They have told us they are opposed to any changes in the tax laws that will result in the loss of revenue.

Mr. FULTON. I have full confidence in the gentleman and in his committee, and I thought he might be taking up something on his own motion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That, effective with respect to amounts paid after the date of the enactment of this act, section 4263 (e) of the Internal Revenue Code of 1954 (relating to exemption from the tax on the transportation of persons in the case of certain round trips by service personnel) is amended by striking out "2.025 cents per mile" and inserting in lieu thereof "2.5 cents per mile."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. COOPER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, H. R. 7954 is intended to preserve and continue an existing statutory exemption from the excise tax on the transportation of persons that is provided for our servicemen and servicewomen under certain conditions.

This exemption is available to them when they are traveling in uniform at their own expense while on official leave or furlough, if they are traveling on round-trip tickets sold to them under special tariffs providing for fares of not more than 2.025 cents per mile. The exemption has been in effect since enactment of Public Law 878, 81st Congress, on December 15, 1950.

The rate per mile just mentioned has been sufficiently high to permit all of the fares of this type to qualify for exemption. Now, however, increases in the special round-trip rail tariffs for service personnel have been approved by the Interstate Commerce Commission, to take effect July 1, 1957. It is my understanding that these increases follow general raises in regular coach and first-class rail fares authorized earlier this year.

The great majority of the new special fares will be at the rate of 2.25 or 2.277 cents per mile, although in a few instances the rate will be 2.475 cents. If no change were made in the amount specified in the existing exemption provision, it would mean that after July 1, 1957, service personnel traveling on leave would be required to pay an additional 10 percent on top of the increased fare. This would be an unwarranted additional financial burden on the men and women of our Armed Forces.

To prevent this, I introduced H. R. 7954, and my distinguished colleague, the gentleman from New York [Mr. REED], ranking minority member of the Committee on Ways and Means, introduced an identical bill, H. R. 7955. Both bills would set the mileage rate limit on fares eligible for the exemption at 2.5 cents per mile. While this figure is higher than the new rates will be, it was set so that exemption will continue to be available to all service personnel and not denied to a few. The amount selected is not intended to presage a further increase in special fares, for these, like regular rail fares, are subject to control by the ICC.

The Committee on Ways and Means was unanimous in favorably reporting H. R. 7954. I urge prompt and favorable action on the bill, so that it may become law by July 1, 1957, thus continuing the existing exemption for servicemen and servicewomen.

Mr. REED. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the distinguished gentleman from New York.

Mr. REED. Mr. Speaker, it is my privilege to join with the distinguished chairman of the Committee on Ways and Means, the gentleman from Tennessee [Mr. COOPER], in urging my colleagues in the House to act favorably on H. R. 7954. This legislation would continue the tax-exempt status of certain railroad travel for Armed Forces personnel on furlough.

Under present law our young men and women in uniform are exempt from the 10-percent Federal excise tax on transportation of persons if they are traveling by reason of furlough or other similar reason on round-trip tickets sold to them at a rate of not more than 2.025 cents per mile. The special tariff applicable to such travel has recently been increased effective July 1, 1957, to an amount slightly in excess of the statutory exempt amount. Accordingly, the Committee on Ways and Means, in the interest of continuing this exemption has unanimously acted favorably on this legislation so as to increase the maximum exempt amount from its present level to a level of 2.5 cents per mile.

This meritorious legislation should receive the favorable action of the Congress.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Ohio.

Mr. JENKINS. Mr. Speaker, I am in favor of this bill. It gives meritorious benefit to the deserving young men and women serving in our Country's Armed Forces. H. R. 7954 would increase from 2.025 cents per mile to 2.5 cents per mile the exemption on the special tariff that is exempt from the Federal excise tax on transportation of persons for travel by members of the Armed Forces on furlough.

COMMITTEE ON THE JUDICIARY

Mr. CELLER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may be privileged to sit during general debate next week.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. GROSS. Mr. Speaker, reserving the right to object, and, of course, I shall not object. In the future, however, I am going to insist that chairmen of committees desiring to transact business go to the microphone to state their request, and I am going to insist on that for the remainder of this session.

Mr. MARTIN. Reserving the right to object, does this meet with the approval of the gentleman from New York [Mr. KEATING]?

Mr. CELLER. Yes, it does.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PROGRAM FOR WEEK OF JUNE 24

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, I take this time in order to ask the majority leader if he will kindly advise us as to the program for next week.

Mr. ALBERT. I shall be delighted to do so.

I may say to the gentleman that it is the plan of the leadership to adjourn over to Monday if we finish this week's program today. The bills previously announced will be considered today except H. R. 72, the Veterans' Guardians Gratuities Act, and H. R. 7168, is the Federal Construction Contract Procedures Act, both of which will go over to next week.

Monday is District day. There are 10 bills on the District Calendar, as follows:

H. R. 7249, change support of families law.

H. R. 6517, District of Columbia retirement of police, firemen, and Secret Service.

H. R. 8256, amend Income and Franchise Tax Act of 1947.

H. R. 7409, Association of Oldest Inhabitants.

S. 1264, exempt from taxation, National Trust for Historic Preservation.

H. R. 7835, increase authorization appropriations, Hospital Center.

S. 1586, American Historical Association, estate holdings.

S. 1576, exempt certain war memorials from sales tax.

H. R. 7785, provide appointment additional judge, juvenile court.

H. R. 6259, the Marine Insurance Act.

House Joint Resolution 379, supplemental appropriation, Post Office Department, 1958.

There are three bills that will be called under suspension of the rules:

H. R. 7992, amend Atomic Energy Act of 1954.

H. R. 7050, county school funds, Klamath Indians.

H. R. 7522, authorize extension certain timber rights.

The bill H. R. 7168, the Federal Construction Contract Procedures Act, will also be considered.

For Tuesday and the balance of the week the following bills will be taken up:

H. R. 7963, Small Business Act.

H. R. 5728, authorize deferment of interest payments on borrowings, St. Lawrence Seaway Development Corporation.

H. R. 72, the Veterans' Guardians Gratuities Act, which is carried over from this week.

House Resolution 251, investigations, District of Columbia Committee, re public works and revenue acts and Department of Public Health of the District.

Any further program will be announced later; and, of course, there is the usual reservation that conference reports may be called up at any time.

Mr. ARENDS. May I ask the gentleman further if he has any information as to when we may expect the postal rate bill to be called up for consideration? It has been some time since it has been reported from the committee and I am hoping that it may be brought up for consideration very quickly.

Mr. ALBERT. I desire to state to the gentleman that that is a matter that will be taken up with the appropriate committee at a future date.

Mr. ARENDS. It seems to me it is very important, and I hope we can have early consideration of the bill.

I thank the gentleman.

DISTRICT OF COLUMBIA APPROPRIATIONS, 1958

Mr. RABAUT. Mr. Speaker, I call up the conference report on the bill H. R. 6500, making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1958, and for other purposes, and as unanimous consent that the statement of the manager on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 592)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6500) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1958, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 25, 30, 34 and 35.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 7, 8, 9, 11, 14, 15, 17, 18, 19, 21, 24, 26, 29, 32, and 33, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$370,930"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$4,540,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,207,500"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$18,150,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,960,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment insert "but not more than $900 per annum for each automobile"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment insert "not exceeding 6 per centum of appropriations for such construction projects"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,862,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$784,000"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum stricken by said amendment insert "$646,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 10, 20, and 28.

LOUIS C. RABAUT,
OTTO E. PASSMAN,
WILLIAM H. NATCHER,
CLARENCE CANNON,
EARL WILSON,
BENJAMIN F. JAMES,
JOHN TABER,
Managers on the part of the House.

JOHN D. PASTORE,
JOHN L. MCCLELLAN,
LYNDON B. JOHNSON,
ALAN BIBLE,
J. ALLEN FREAR, JR.,
EVERETT M. DIRKSEN,
IRVING M. IVES,
J. GLENN BEALL,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6500) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1958, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

FEDERAL PAYMENT TO DISTRICT OF COLUMBIA

Amendment No. 1: Reported in disagreement.

Amendments Nos. 2 and 3: Increase the loan authorization to the highway fund by $510,000 to finance the construction of a bridge on Park Road over Piney Branch as proposed by the Senate.

Operating expenses

Amendment No. 4—Executive Office: Appropriates $370,930 instead of $362,500 as proposed by the House and $378,200 as proposed by the Senate.

Amendment No. 5—Department of General Administration: Appropriates $4,540,000 instead of $4,525,000 as proposed by the House and $4,545,000 as proposed by the Senate.

Amendment No. 6—Regulatory agencies: Appropriates $1,207,500 instead of $1,200,000 as proposed by the House and $1,215,000 as proposed by the Senate.

Amendment No. 7—Department of Occupations and Professions: Appropriates $294,800 as proposed by the Senate instead of $287,000 as proposed by the House.

Amendments Nos. 8 and 9—Public schools: Authorize $408,666 for development of vocational education as proposed by the Senate instead of $375,598 as proposed by the House; and appropriate $37,246,050 as proposed by the Senate instead of $37,160,000 as proposed by the House.

Amendment No. 10—Public schools: Reported in disagreement.

Amendment No. 11—Recreation Department: Appropriates $2,161,000 as proposed by the Senate instead of $2,145,000 as proposed by the House.

Amendments Nos. 12 and 13—Metropolitan Police: Appropriate $18,150,000 instead of $18,100,000 as proposed by the House and $18,201,000 as proposed by the Senate; and provide that of the sum appropriated $1,960,000 shall be payable from the highway fund instead of $1,952,850 as proposed by the House and $1,969,000 as proposed by the Senate.

Amendment No. 14—Department of Vocational Rehabilitation: Appropriates $208,500 as proposed by the Senate instead of $200,000 as proposed by the House.

Amendment No. 15—Courts: Appropriates $4,534,600 as proposed by the Senate instead of $4,488,500 as proposed by the House.

Amendments Nos. 16, 17 and 18—Department of Public Health: Increase the limitation on annual allowance for dairy inspectors' privately owned automobiles from $840 as proposed by the House to $900 in lieu of language proposed by the Senate authorizing the District Commissioners to establish the limitation; appropriate $28,229,300 as proposed by the Senate instead of $28,130,000 as proposed by the House; and increase the inpatient per diem rate for medical care rendered to indigent patients by contract hospitals to $18 as proposed by the Senate instead of $16 as proposed by the House.

Amendment No. 19—Public Welfare: Appropriates $13,136,000 as proposed by the Senate instead of $12,450,000 as proposed by the House.

Amendment No. 20—Public Welfare: Reported in disagreement.

Amendments Nos. 21 and 22—Department of Buildings and Grounds: Appropriate $2,010,000 as proposed by the Senate instead of $2,000,000 as proposed by the House; and increase the percentage limitation on the amount that may be spent for construction services to 6 per centum instead of 4 per centum of the first $2,000,000 and 3¾ per centum of amounts in excess of $2,000,000 as proposed by the House and language pro-

posed by the Senate authorizing the District Commissioners to administratively determine such amount.

Amendment No. 23—Department of Licenses and Inspections: Appropriates $1,852,000 instead of $1,840,000 as proposed by the House and $1,885,700 as proposed by the Senate.

Amendment No. 24—Department of Vehicles and Traffic: Appropriates $1,438,000 as proposed by the Senate instead of $1,350,000 as proposed by the House.

Amendment No. 25—Motor Vehicle Parking Agency: Appropriates $519,000 as proposed by the House instead of $602,900 as proposed by the Senate.

Amendment No. 26—Washington Aqueduct: Appropriates $2,322,000 as proposed by the Senate instead of $2,250,000 as proposed by the House.

Amendment No. 27—National Zoological Park: Appropriates $784,000 instead of $770,000 as proposed by the House and $798,000 as proposed by the Senate.

Amendment No. 28—Personal services, wage-scale employees: Reported in disagreement.

Capital outlay

Amendments Nos. 29, 30, and 31—Public building construction: Appropriate $10,733,000 as proposed by the Senate instead of $10,496,000 as proposed by the House; and authorize $646,000 for construction services instead of $569,475 as proposed by the House and language proposed by the Senate authorizing the District Commissioners to determine such amount.

Amendments Nos. 32 and 33—Department of Highways: Appropriate $15,301,000 as proposed by the Senate instead of $14,791,000 as proposed by the House; and provide that of the sum appropriated $14,901,000 shall be payable from the highway fund as proposed by the Senate instead of $14,391,000 as proposed by the House.

Amendment No. 34—Washington Aqueduct: Deletes language for continuing construction of a flocculation-sedimentation basin at Dalecarlia as proposed by the Senate.

Amendment No. 35—Washington Aqueduct: Appropriates $190,000 as proposed by the House instead of $958,000 and language as proposed by the Senate.

LOUIS C. RABAUT,
OTTO E. PASSMAN,
WILLIAM H. NATCHER,
CLARENCE CANNON,
EARL WILSON,
BENJ. F. JAMES,
JOHN TABER,
Managers on the Part of the House.

Mr. RABAUT. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 1, line 9, strike out "$20,000,000" and insert "$20,500,000".

Mr. RABAUT. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 10: On page 8, line 8, after "District", insert *"Provided further,* That this appropriation shall be available for the payment of retirement costs to the public school food services fund."

Mr. RABAUT. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 20: Page 17, line 7, insert *"Provided further,* That when specifically authorized by the Commissioners this appropriation may be used for visiting any ward of the Department of Public Welfare placed outside of the District of Columbia and the States of Virginia and Maryland."

Mr. RABAUT. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 28: On page 25, line 18, insert:

"PERSONAL SERVICES, WAGE-SCALE EMPLOYEES

"For pay increases and related retirement costs for wage-scale employees, to be transferred by the Commissioners to the appropriations and funds from which the employees are properly payable, $1,162,500, of which $142,000 shall be payable from the highway fund, $101,600 from the water fund, and $56,400 from the sanitary sewage works fund."

Mr. RABAUT. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

Mr. RABAUT. Mr. Speaker, for the information of the House, the budget estimates for this bill were $209,504,800. The House figure was $192,530,300. The Senate figure was $196,636,850.

The conference bill figure is $195,676,480.

The conference bill is below the budget estimates by $13,828,320. The conference figure is above the House bill by $3,146,180 and below the Senate bill by $960,370.

While the conference bill is above the House bill by $3,146,180, I would like to point out to the membership that approximately $2,220,000 of the increase was occasioned by supplemental budget estimates not considered by the House but agreed to in conference as being necessary for the efficient operation of the District government.

GIRARD CASE

Mr. JARMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JARMAN. Mr. Speaker, the unfortunate situation resulting from the dispute over the proper authority to assume jurisdiction for the trial of Specialist Girard is being solved in a proper manner by court action interpreting the law governing the case. Federal District Judge McGarraghy, in his decision, pointed up sharply the right of court martial to which every member of the armed services is entitled when an offense is committed while on duty status. It has been undisputed by evidence that the offense allegedly committed by Specialist Girard was committed while in a duty status. Under these circumstances, our domestic law and international law conclusively provide for the right to trial by court-martial.

Even in the Status of Forces Agreement of 1953 entered into with Japan, American military authorities are reserved the primary right to exercise jurisdiction over a serviceman in relation to offenses arising out of any action or omission done in the performance of official duty. It appears that since both nations agreed to all parts of this pact, the United States should expect the Japanese government to recognize the clear language of the agreement and further recognize that the commanding general of Girard's division certified that Girard was on duty at the time of the offense.

Aroused foreign sentiment about a particular case should not compel our Government to abandon all the written law and written agreements between nations which undertake to both protect our troops and regulate the relationship created by their presence on foreign soil.

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 6974) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 6974, with Mr. HAYS of Arkansas in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday there was pending the amendment offered by the gentlewoman from New York [Mrs. KELLY]. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again reported the Kelly amendment.

Mr. MATTHEWS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment will, I know, be very thoroughly discussed and debated. Let us please keep in mind that according to the provisions of H. R. 6974 as reported by the Committee on Agriculture there is a section prohibiting transactions under this act with Communist nations, or nations dominated or controlled by the U. S. S. R.

It should be pointed out that the bill transmitted to the Speaker by Executive Communication No. 480 included a provision which would have repealed this section and would have had the effect of authorizing barter transactions with such nations.

Our committee thoroughly discussed this proposition and we concluded that it would be best to retain this language that we already have in the bill. We did not grant this authority to condone, if you please, barter transactions with these nations in question.

The gentlewoman from New York [Mrs. KELLY] wants to give the Congress, by means of a concurrent resolution, the adjudication of the question of these nations that are dominated or controlled by Soviet Russia. The committee's bill, if I interpret it properly, leaves with the President of the United States that particular authority.

Mr. Chairman, let it be said at the outset that I am not willing to abdicate to the President of the United States authority that I believe constitutionally belongs to Congress. I do not think this is an issue of whether or not we shall abdicate. I do not think this is an issue of whether we are for communism or against communism. I am convinced that the gentlewoman from New York, who sponsors this amendment, is just as opposed to communism as I am. But I am going to be a little bit confused now as this debate proceeds, because I know that earnest members of this Committee on both sides of the aisle are going to have conflicting opinions which pinpoints again to me the fact that the President of the United States, through his Secretary of State, ought to have this paricular authority which is limited now, mind you, to the provisions of Public Law 480.

I know that our opinions change constantly here on the floor of the House. For example, just a few days ago, when the citizens of Formosa despoiled the Stars and Stripes, it would have been very difficult for me to conceive of Formosa as a friendly nation at that time.

This morning, in the Washington Post, I read a very interesting article by the columnist, Mr. Alsop, referring to the Middle East crisis. He said:

> But this policy we have embarked upon runs squarely counter to the Nasser-style brand of Arab nationalism, which is the strongest popular force in the Arab lands today. It is also a policy of inordinate complexity and delicacy. It necessarily involves much secret diplomacy and many accurate judgments of character and situation. It calls for inordinate tact mingled with occasional extreme boldness.

Deliberations under Public Law 480 are similar. They require extreme tact and diplomacy. I for one am willing to leave to the President of the United States the adjudication of what nation is friendly to our great country and what nation is entitled to receive this aid under Public Law 480.

Several days ago I heard a distinguished colleague comment that if the President of the United States would invite Tito to this country he would resign in protest. I respect his judgment, but I do not believe the people I represent would agree with that statement. The way I personally believe about it, if the President of the United States wants to invite the Prime Minister of Shangri-La or the President of Timbuktu—I am using these names because I believe they refer to hypothetical countries, and I do not want to offend anyone; you cannot talk about anyone with impunity in here except the Anglo-Saxon population of the Deep South, and I do not want to offend anyone—if the President of the United States wants to invite these gentlemen and they are not enemies of the United States, they are not controlled by the despotic rule of Russia, I for one would be delighted to see him render that invitation. But I have come to the opinion, Mr. Chairman, that if he refused to invite these gentlemen because he was afraid of any one Congressman, I would be inclined to resent in disgust such weakness of a President, be he Republican or Democratic.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. POAGE. Mr. Chairman, I ask unanimous consent that the gentleman from Florida may be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MATTHEWS. I am grateful for the indulgence of the Committee.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I will be delighted to yield to the gentleman from Ohio.

Mr. VORYS. I agree with the gentleman's statement, but in my judgment the question involved in the Kelly amendment is not merely a general matter of policy; it is a matter of involving the constitutional powers of the President. Let me quote briefly from the annotations to the Constitution, prepared by the Library of Congress, by Edward S. Corwin. The annotation states:

> In consequence of his power to receive and dispatch diplomatic agents, but more especially the former, the President possesses the power to recognize new states, communities claiming the status of belligerency, and changes of government in established states; also, by the same token, the power to decline recognition, and thereby decline diplomatic relations with such new states or governments. The affirmative precedents down to 1906 are succinctly summarized by John Basset Moore in his famous Digest, as follows: "In the preceding review of the recognition, respectively, of the new states, new governments, and belligerency, there has been made in each case a precise statement of facts, showing how and by whom the recognition was accorded. In every case, as it appears, of a new government and of belligerency, the question of recognition was determined solely by the Executive."

This amendment places the determination of the recognition of friendly states solely in the hands of the Congress through the concurrent resolution device, cutting the President out entirely from that constitutional responsibility of his. This is clearly a violation of the Constitution; and remember, we are sworn to uphold and defend the Constitution.

Mr. MATTHEWS. I thank the gentleman for his contribution.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield to the gentleman from Indiana.

Mr. HALLECK. I commend the gentleman on the statement he has made. May I add to that this word: I have served here quite a few years. There have been times when I have resented what seemed to me to be Executive usurpations of legislative authority. Having taken that position through the years, I have also felt it incumbent upon me to be very careful to see to it that we did not undertake to exercise legislative usurpation of what is clearly Executive authority.

I think the gentleman has spoken very well on this particular matter. I agree with him that this sort of decision is one that should be made by the executive branch under the discretion vested in the executive branch by the legislation enacted by the Congress of the United States. I think that, having enacted that legislation, we have gone as far as we should go in respect to the matter.

Mr. MATTHEWS. I thank the gentleman for his statement.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield to the gentleman from New York.

Mr. WAINWRIGHT. In the first place, may I commend the gentleman from Florida on his fine statement. He has fast become one of the House's foremost spokesmen. May I say that the gentlewoman from New York in suggesting that the House of Representatives or the United States refuse aid to a nation which is clearly dominated by the Russian flag is on very, very sound ground.

It is with a great deal of regret that, intellectually, I must concede the statement made by the gentleman from Ohio [Mr. VORYS] that she is invading a constitutional prerogative of the President of the United States, otherwise, I would support her amendment 100 percent.

Mr. MATTHEWS. I thank the gentleman.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield.

Mr. FEIGHAN. I would like to make a comment with reference to the observation made by the gentleman from New York in which he admitted that the Polish Communist regime is now dominated by Russia. Consequently, the interpretation of the President or the State Department that the Communist regime is a friendly nation is wrong or else the gentleman from New York is right, and I believe that today Poland is still under Russian occupation just as it was prior to October 1956.

Mr. MATTHEWS. Of course, I do not want the Committee to forget my position. I am certainly opposed to the amendment of the gentlewoman from New York, and I think the discussion we have had so far pinpoints the difficulty of obtaining a concurrent resolution of the Congress to adjudicate whether one of these nations is friendly or not.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield.

Mr. FULTON. I compliment the gentleman on his statement and I agree with him. Of course, it is the President of the United States who should have the right under the Constitution to decide which are friendly and unfriendly countries and which countries should be recognized. I think you have made a good point. I would add further that this Kelly amendment is really aimed at knocking the props out from under the present negotiations with Poland to give the Polish people necessary food and cotton and supplies to keep these poor people from starving to death, and to permit the Polish people to renew their ties and friendship with their good friends, the American people.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to my friend from Connecticut.

Mr. MORANO. Mr. Chairman, I take this moment to express my opposition to this Kelly amendment, and also to say that my distinguished colleague, the gentleman from Connecticut [Mr. SADLAK] is unavoidably absent, unhappily because he has to attend the funeral of a former member of his staff. I know that my colleague from Connecticut would want me to say that he is opposed to this amendment. If he were here, he would oppose it most vigorously and vote against it.

Mr. Chairman, I thank the gentleman from Pennsylvania for yielding.

Mr. FULTON. Mr. Chairman, if the ladies and gentlemen of the Congress will look at the RECORD of yesterday, they will find what the situation is on this Kelly amendment. For example, on page 9885 the Congresswoman from New York [Mrs. KELLY] said:

> I do not believe that any person in this House would now say that Poland is not dominated by Moscow. I feel the Secretary bypassed the determination of Congress expressed in this act and thereby involved us in the negotiations with Poland.

I disagree, and believe that Poland is not dominated by the Soviet Union as determined by the President and Secretary of State.

As you know, negotiations with the Polish representatives have been concluded and they have now returned to Poland. There has been an arrangement for $95 million worth of surplus farm products such as oil, fats and so on. While the negotiations have been secret, I will read you the list from the classified paper, but I believe I am not yet allowed to give the amounts in detail.

Under the Export-Import Bank, the items provided are wheat, cotton, soy beans, and lastly machinery—but in a small amount—4.2 percent of the $95 million. Transportation is a good-sized item added to these items.

There are also items: cotton, tallow, vegetable oil and transportation. Under Public Law 480, to be expended by the act, we are working on here wheat and cotton and again transportation. That means on agricultural surplus commodities, out of $95 million, $77.6 million total, the rest of it is transportation and only 4.2 percent has any kind of machinery or industrial equipment at all.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. WAINWRIGHT. Why should it be that items going to a Communist nation should be a secret from the Members of the House of Representatives?

Mr. FULTON. That secrecy is placed on the negotiations to protect the negotiators against outside pressures while the negotiations are in progress, and of course once these preliminaries are concluded, there is little need for secrecy.

Mr. WAINWRIGHT. Is there a member of your committee who can answer that question?

Mr. FULTON. I can answer, but my paper is still marked "classified" right on top of this statement.

Mr. WAINWRIGHT. All I am trying to find out is why it is marked "classified."

Mr. FULTON. Mr. Chairman, some of the Members of Congress have been currently kept advised of the secret negotiations with the Polish representatives. I am one of the Members who knows about these negotiations and who feels they should be supported because our United States representatives have already made the firm agreement in part, and have made a tentative commitment for the balance of this aid for the Polish people.

I doubt if you realize what the amendment offered by the gentlewoman from New York [Mrs. KELLY] will do. The amendment is defective because it will let go through in the Polish aid program anything else than agricultural products. Unless this amendment is defeated it will mean that we will have to come here for a joint resolution of Congress for agricultural products. Public Law 480 refers only to agricultural products, and Congresswoman Kelly adds the amendment on to the agricultural products bill, Public Law 480.

Mr. BENTLEY. Mr. Chairman, if the gentleman will yield, the gentleman cannot tell us just what the export is; that is classified.

Mr. FULTON. I believe the individual amounts only are classified.

Mr. BENTLEY. I have here a breakdown of the gentleman's figure; I believe it is the same information.

Mr. FULTON. I will give the items then, so I am glad you helped me.

Mr. ROONEY. Mr. Chairman, will the distinguished gentleman yield?

Mr. FULTON. I yield to the gentleman from New York.

Mr. ROONEY. Is it not the fact that this surplus agricultural commodity disposal program with Poland is already in effect and that the pending legislation would merely authorize an extension of it?

Mr. FULTON. Yes, the Department through its negotiators is able to give part of the current aid to Poland under the previous authorizations now in effect, under Public Law 480.

Mr. ROONEY. So the program is already in effect, and the pending bill refers only to the $46.1 million balance of the total $95 million program?

Mr. FULTON. Part of the Polish program is already in effect, but there is $46.1 million worth that must be authorized by this particular extension bill we are now discussing.

Mr. ROONEY. My question was whether or not it is the fact that the program with the Polish people is already in existence right now and in this current fiscal year.

Mr. FULTON. That is right; and if the Kelly amendment is put into the bill it will drop the remaining portion of Polish aid that is being granted under the proposed agreement. Our United States negotiators have only been able to sign a memorandum of intention to agree on the final amount, which is $46,100,000, as there is not enough authority remaining under Public Law 480.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes to explain this.

Mr. MASON. Mr. Chairman, reserving the right to object, and I shall not in this instance, but from now on I do not want the time of this House monopolized by those on the committee and on the Foreign Affairs Committee who have simply dominated the time during the last day or so. From now on there will be no extension and no giving of time by one Member to the other.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 additional minutes.

Mr. FULTON. May I say to the gentleman from Illinois, my good friend, that I have been asked by the Chairman of the House Foreign Affairs Committee, as well as several senior members of the Committee on Agriculture to give my time at the committee table during this debate because I know the programs, know of the secret agreements, and some have not been developed publicly. So I have given my time on the floor for 3 days to be of assistance.

Mr. GROSS. How secret are they?

Mr. FULTON. They have been released, I am glad to say.

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentlewoman from New York.

Mrs. KELLY of New York. I thank the gentleman.

The gentleman from Pennsylvania said, and I feel that I am quoting him correctly, that the effect of my amendment, if passed, is that "it will let go through" the other negotiations. Now I want to say this——

Mr. FULTON. That it will let go through the other current negotiations? No.

Mrs. KELLY of New York. It will let go through.

Mr. FULTON. No. It will block the remainder of the current negotiations for further food aid to Poland.

Mrs. KELLY of New York. It will not block the secret negotiations that have already been agreed to a week ago Friday by the State Department, but it would block the remaining $47 million under the surplus.

Mr. FULTON. That is just what I said.

Mrs. KELLY of New York. I do not want to be associated in any way with the secret negotiations signed by the State Department 2 weeks ago Friday.

Mr. FULTON. I would like to say to the gentlewoman that she will block the remainder of the United States agricultural surplus being sold to Poland, the remaining $46,100,000 that has already been tentatively agreed to. That amount is under this particular extension bill we are debating, and we need the authority for it. Under the previous Public Law 480 authorization that part of the agreement is all going through. But I might say to the gentlewoman that if she is worried about the secrecy, her present amendment is only referring to agricultural surpluses. Where there is machinery involved, and I shall give the machinery item, $4 million in this program, her amendment does not block that item but merely food for these almost starving Polish people.

Mrs. KELLY of New York. I have no control over that.

Mr. FULTON. You are attacking the wrong place.

Mrs. KELLY of New York. That is under the mutual security section of the Presidential fund which I cannot control.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I would like to ask the gentleman, what is this highly secret information he has? Does he have any more or has he revealed it all up to this time? I was in the committee and if there is anything he has not revealed, I will be glad to give the membership the benefit of it. The only thing he has not said is "Coal mining machinery" which is what it is.

Mr. FULTON. That is the end item. We on our European Subcommittee all know what the secret negotiations were as they went along. The Department kept us well advised and I favor this program to aid our longtime friends, the Polish people.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from New York.

Mr. DORN of New York. The gentleman knows and some of the other Members do.

Mr. FULTON. We are talking about the Subcommittee on Europe of the House Foreign Affairs Committee.

Mr. DORN of New York. I would like to know whether the gentleman favors giving our surplus agricultural produce to Communist nations.

Mr. FULTON. The point is this: We must distinguish as between the Communist governments and the Communist-dominated peoples in these satellite nations who are doing their best to stand on their own feet, and become independent and free peoples again. We must all remember, too, that hunger has occurred in Poland, and many Polish people are unemployed and in dire economic straits.

Mr. DORN of New York. What is the difference between a Communist-dominated people and a Communist people? They are both controlled by Russia. I would like to keep on asking this question.

Mr. FULTON. Would the gentleman repeat the question?

Mr. DORN of New York. Does the gentleman believe we should give surplus agricultural produce to Communist nations?

Mr. FULTON. I believe we must look to see what friendly peoples are trying within their abilities to become independent and free even though now dominated by military force and Communist regimes.

It is a pleasure to say that Senator KENNEDY and I have the same position, that the United States should not use food and starvation as a method in our foreign policy. The United States policy should not force the satellite peoples into the position where they have to revolt, as they did in Hungary, even to exist. In Poland, Hungary, Eastern Germany and in Yugoslavia, the people are moving from the Communist form of government in order to get their independence.

We should show these satellite peoples that they also have strong ties with the West, that we are still their friends. We must remember that 95 percent of the people of Poland are now Catholic and a religious people. I admire the Polish people for standing up for their religious beliefs under great hardship. Wladyslaw Gomulka, the present Premier, has been backed by outstanding representatives of the Catholic Church for reelection to form this current government. The Polish people themselves and the Jugoslav people likewise are by the mere power of the people, moving toward more freedom of religion, more freedom of enterprise, more political and press rights and a broader based government. Should we turn our backs on these satellite peoples who in large majority are not now Communist, and have not been, but have been overrun by stronger military force?

I believe that we should strongly oppose those Americans who wrongly propose that the United States should refuse food and clothing assistance to the Polish people, or the Jugoslav people, yes and even to the Hungarian refugees on the argument that these poor refugees should not have fled. I still remember the food packages which we Americans through our Government facilities, were able to give to the citizens of East Berlin, and East Germany, under the leadership of President Eisenhower, when these people were desperately in need of food and assistance.

I oppose the proposal that the United States maintain a firm or repressive policy against the peoples of Eastern Europe now dominated by outside military force, and Communist ruling groups. I do not agree with those who say that this policy would make more burden for the Communist governments and absentee military power that has dominated this area. We must not put this burden on these poor dominated peoples, as such policy is certainly not in our United States humanitarian and religious traditions.

I visited Jugoslavia last month, and was deeply impressed with rising independence and power of the Jugoslav people, and the progress they are making against great odds and in many instances against, and changing the policy of the Tito Communist government. In spite of the religious leaders being restrained or imprisoned, the people of Jugoslavia have opened their churches to everybody, and are attending church services.

In spite of the collectivization program of the government, the Jugoslav people have left the collective farms so that 85 percent have closed since 1953. Do not think that because we want to give the people the chance to progress, when they are so overwhelmingly non-Communist, that any of us favor the particular kind of Communist or totalitarian government now in power or now dominating such unfortunate peoples from abroad. I continue to oppose Communist domination of any type or variety. I do not believe the Poles, the East Germans, the Ukrainians, the Hungarians, the Jugoslavs, or the majority of the Eastern European peoples are Communist people.

Senator JOHN F. KENNEDY. of Massachusetts, a good personal friend whose views I respect, and with whom I concur fully on this question of aid to Poland, says in his letter to the Secretary of State dated March 12, 1957:

"I visited Poland less than 2 years ago, and I know first hand of the population's rejection of Communist philosophy. Poland may still be a satellite government—but the Poles are not satellite people. To deny them help because they have not been able to shake off total Communist control would be a brutal and dangerous policy, either increasing their dependence on Russia or drawing them into the slaughter of a fruitless, premature revolt."

Since the Hungarian revolution last fall, and the ruthless suppression by the Soviets of the Hungarian people, the satellites and Eastern European peoples are afraid of similar use of force against them likewise, and will not permit their governments to move closer to the Soviets, but are moving toward their friends in the West, and our type of economic progress and freedom. We in the United States must assist them in their gradual progress toward greater freedom, and we must not confuse the peoples who are taking part in this gradual silent revolution, with their dominating and presently powerful governments of any Communist persuasion.

I confidently look forward to the day when the friendly peoples of Eastern Europe will again be free, and join the society of the free democratic governments of the world.

Mr. MADDEN. Mr. Chairman, I move to strike the requisite number of words.

SURPLUS AID FOR POLAND

Mr. Chairman, I hope the Congress will enact the pending bill, which will extend the agricultural trade

development and assistance program. I also oppose the amendment offered by Congresswoman KELLY of New York. This amendment has good import but should be considered separately from this bill. This legislation is not only an emergency program for disposing of surplus agricultural commodities, but I believe, if properly administered, will help us considerably in building up good will among nations throughout the world. By disposing of our grain surplus in this manner, we are not adding any additional burden upon the taxpayers, but are accomplishing two much-needed objectives: First, the opportunity to aid unfortunate humanity who need food and supplies on account of their country's weakened economic conditions and in this way build up international good will; and second, it will bring about a reduction of the accumulated surplus-grain problem which in recent years has been a detriment to the prosperity and economy of our farmers.

A great deal has been said in this debate against approving the sale of surplus grain and commodities to Poland. The Polish people have made great progress in the last couple of years by securing concessions of self-government and independence from the Soviet tyrants who have had this Nation under complete domination since World War II. Ninety-five percent of the Polish people are anti-Communists, and one only has to read the history of the Soviet duplicity, infiltration, aggression and military force to learn how the Polish Nation was a victim of Communist slavery. No doubt the executive department of our Government will receive the proper assurances that this surplus grain and foodstuffs will be given to the Polish people and not used by the Soviet controls within their country to aid communism. Americans of Polish descent are almost unanimous for our Government to send aid to the Polish people in their fight for liberty.

I wish to here incorporate with my remarks a telegram which I received from Charles Rozmarek, president of the Polish-American Congress concerning this legislation:

WASHINGTON, D. C., *May 3, 1957.*

Hon. RAY MADDEN,
House Office Building,
Washington, D. C.:

Opinion of Americans of Polish descent is undivided and enthusiastic in support of legislation which would enable aid in the form of credits to Poland. Urge you to oppose any amendment to the Agricultural Trade Development and Assistance Act which would prevent aid to the Polish Nation, which is gallantly striving to free itself from Moscow domination.

CHARLES ROZMAREK,
President, Polish American Congress.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. First, may I compliment the gentleman on his excellent speech. May I ask the gentlewoman from New York [Mrs. KELLY] a question? What would she do if there was a sudden crisis and need for food and aid abroad that the President of the United States feels should be given but the Congress is out of session so that for 6 or 7 months there could be no joint or concurrent resolution of the Congress? What would she do then? Her amendment would block vital United States policy.

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. I yield to the gentlewoman from New York.

Mrs. KELLY of New York. I would like to say to my colleague from Pennsylvania that this determination that we are dicussing today in late June was decided in December. I am sure that if the administration was so interested in aid to Poland at that time there were sufficient funds under this bill. And, I will say this, I feel that the short duration that would be encountered when we are not in session would not be disastrous for there is plenty of flexibility in other laws, for one under the mutual-security program, to send aid and gift food to nations.

Mr. FULTON. Suppose Congress is out of session for 5 months and a big revolution occurs abroad such as last fall in the Eastern European countries. Then the gentlewoman's amendment prevents major action for relief until there is a concurrent resolution of the Congress. The United States Government must have immediate authority to act, and should not be required to take the time to come back to Congress for a concurrent resolution to use United States surplus-food products under Public Law 480.

Mrs. KELLY of New York. Did the President not send food to the people of Hungary? He has all the authority needed.

Mr. FULTON. Yes, but under the present language of the law, the President did not have this Kelly amendment blocking action in the future. Now the gentlewoman wants to limit the President's power, and I am strongly against it, as we in the United States need the ability to act quickly in the case of a new Hungarian, Polish, or satellite crisis or revolution.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. I yield to the gentleman from New York.

Mr. WAINWRIGHT. I would like to ask the gentleman from Indiana whether he saw in the New York Times yesterday the picture of the Prime Minister of Poland and the Prime Minister of East Germany, which I am sure the gentleman will grant is under Russian domination, linked arm in arm, having just signed a treaty of warm friendship between the Polish people, who he now claims are not under Russian domination, and the East German people? Now, how can he say that one nation that has joined with another Communist nation is free and independent and should receive support?

Mr. MADDEN. I think the greatest asset in our fight against communism would be the good will of 98 percent of the people of the Polish Nation rather than the Prime Minister.

Mr. BENTLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I might inform the House that because of the position of the gentleman from Illinois [Mr. MASON] I am not going to be able to yield to any Members for questions during the time allotted me.

Now I would like to tell the House just a little bit about this Polish situation. As the gentleman from Pennsylvania [Mr. FULTON] said, $48,900,000 of the assistance is already in effect regardless of what we do or do not do on the pending amendment. The passage of this proposed legislation, the extension of Public Law 480, will permit another $46,100,000 in this negotiation.

I would like to say just one thing with respect to something that was made a great deal of yesterday. That is the repayment in local currencies. In the first place, a large part of this, approximately one-third of this money, is repayable in dollars at an interest rate of 4½ percent, by the Polish Government. That has already been agreed to.

In the second place, the rest of it is repayable in local currency, but the Polish Government has already agreed that after 5 years from the date of this agreement they will buy back at the official rate, for dollars, all of the unused local currency existing at that particular time over a period of time.

I should like to go on for a minute on the terms of these negotiations. The gentleman from Pennsylvania I think was a little bit in error when he talked about the fact that a great deal of this was classified, because the press release from the State Department 2 weeks ago today gave a rather complete breakdown and I am going to ask the attention of the House to tell you just what is in this aid for Poland.

First of all, what is in the $48.9 million that will go through whether or not this amendment is agreed to.

One hundred thousand metric tons of wheat. Twenty-five and one-half thousand metric tons of cotton. Sixty thousand metric tons of soy beans. Seventeen and one-half thousand metric tons of fats and oils. Four million dollars worth of mining machinery. Nine million, seven hundred thousand dollars for transportation costs.

If they are able to conclude the rest of these negotiations with the extension of Public Law 480, there would be in addition to this, 400,000 metric tons of wheat, 24,500 metric tons of cotton and an estimated transportation cost of $3,400,000.

So there is nothing secret about this at all. I have here another press statement. This is a press statement that was given to the press 2 weeks ago today by the chairman of the Polish delegation here in Washington explaining what was going to be done with these particular commodities. I read as follows:

1. The agricultural products which will be purchased now by Poland in the United States will be used in the following ways:

(a) The wheat is to be used for an increase of stockpiles which is necessary in order to stabilize wheat prices on the free market at a level fair to producers and consumers.

An agreement of January 1957 between the Polish United Workers Party and the Polish Peasant Party established that the compulsory deliveries of grain and other agricultural products should be gradually reduced with the objective of their eventual elimination.

In this connection the Polish Government recently made public its decision to reduce in part the compulsory deliveries of grain. This decision will enable the peasants to sell about 700,000 more tons of grain than heretofore at free market prices which are higher than the prices under the compulsory deliveries system. In order to avoid serious problems in meeting consumer needs, the Government must have sufficient stockpiles of grain at its disposal. The purchase of wheat in the United States will be made with this purpose in mind.

(b) Cotton and fats are to be used in order to increase the inventories in the factories. Poland had to import every year large quantities of raw materials necessary for industrial production. Because of balance of payments difficulties, inventories of these raw materials are insufficient.

The policy of giving more freedom of decision to individual industrial enterprises makes it necessary to provide these enterprises with larger inventories. It is this policy which has contributed recently to larger imports of iron ore, wool, nonferrous metals, etc., and the agreement just concluded will enable us to meet, on favorable conditions the needs of our cotton textile and fat industries, giving them larger inventories of raw materials.

2. The relatively small amount of $4 million will be allocated to the purchase of mining equipment necessary for our coal-mining industry. Poland is interested in buying American investment goods for much larger amounts but these bigger needs could not be satisfied at the present moment.

3. The agreements just concluded are of great importance for the economic relations between our countries and are a considerable step toward their further development.

4. I am convinced that apart from the economic negotiations which have just been completed, public opinion in both countries received with satisfaction the news that voluntary aid organizations, as for instance CARE and American Relief for Poland, will be able to resume their activities with respect to Poland.

5. The recently published decision of the Polish Government's reducing or abolishing customs duties in Poland for most goods sent in gift parcels from abroad will greatly facilitate this form of assistance given by Poles living all over the world, especially in the United States, to their relatives in Poland.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from New York.

Mr. WAINWRIGHT. Can the gentleman see any difference between the presentation he is making now and the presentation he made last year when he opposed similar aid to Tito in Yugoslavia?

Mr. BENTLEY. I am going to take some time during the discussion of the Mutual Security legislation to tell the gentleman from New York and anybody else interested why I am still not in favor of aid to Yugoslavia and am in favor of limited assistance to Poland, but I am not going to take the time to do it now.

I should like for the remaining few minutes I have to tell the House 1 or 2 things. I regret that my colleague from the First Congressional District of Michigan [Mr. MACHROWICZ] has not yet returned from his visit to Poland so he could give the Members the benefit of his views and experiences over there.

Mr. BASS of Tennessee. Mr. Chairman, I move to strike out the last word.

Mr. COOLEY. Mr. Chairman, if the gentleman will yield, I wonder if we cannot agree on a time limit on the pending amendment. I suggest we close all debate on the amendment in 30 minutes.

Mr. ROONEY. I object, Mr. Chairman.

Mr. COOLEY. Let us make it 45 minutes.

Mrs. KELLY of New York. I will not object if I can be assured of having sufficient time, 4 or 5 minutes.

Mr. COOLEY. The gentlewoman has already spoken on the amendment.

Mrs. KELLY of New York. I spoke on my amendment yesterday, but there were several things said today that I want to answer.

Mr. COOLEY. I have no objection to that. I may yield to the gentlewoman some of my time.

Mr. ROONEY. Reserving the right to object, Mr. Chairman, I want to be sure there is opportunity for everyone who so desires to be heard on this matter.

Mr. COOLEY. All right; I just want to get through with it.

Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 1 hour.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BASS of Tennessee. Mr. Chairman, about 2 months ago the Committee on Agriculture of which I am a member came before the House with what was referred to at that time as the corn bill. Several times during the debate on that bill, and immediately after, colleagues of mine in the House would say to me, "Ross, why don't you people on the Agriculture Committee get together? Why don't you decide what you want to do, so we will know how to support you and help you? They said "Come out on the floor united, and we can get your bill through for you."

I felt the same way as they did. We were not united, and we had trouble with our bill and did not pass it.

This time we come to the floor of the House for the first time this year with an important piece of legislation united—and, mind you, this is from the Committee on Agriculture, notwithstanding all of the other debate and amendments that have been offered to this bill. This bill comes from the Committee on Agriculture. We are united. This bill was reported out of our committee unanimously, this extension of Public Law 480.

Now what happens? When we from the Committee on Agriculture come to the floor united the Appropriations Committee and the Foreign Affairs Committee try to take our bill over and wreck it with amendments. Let me bring this debate back into focus. This is a bill for the purpose of disposing of surplus agricultural commodities. It is not one making international agreements. It does not have anything in the world to do with making diplomatic agreements with other nations. This is a farm bill, a bill allowing us to dispose of our surplus agricultural commodities. It does not create the expenditure of any new money. The money has already been appropriated and has already been spent for the commodities that are now in surplus in our warehouses. Let me make this point clear. Through the disposal of these agricultural commodities, we are not just doing these countries a favor. They are also doing us a favor. They are helping us to stabilize an agricultural program that has been hampered by the excess of surplus commodities in the warehouses. They are buying and paying for most of the commodities under this bill. Some of the debate here would lead Members of the House to believe that these countries are doing us a great favor by buying commodities that are in surplus in our warehouses today. We are doing this in order to help ourselves to try to do something for the American farmer. Judging from the debate and the amendments that have been offered to this bill, it is so confusing that I would venture to say that people reading the CONGRESSIONAL RECORD or sitting in the galleries and listening to the debate would think that we here today are talking about some great expansive international agreement or the appropriation of new funds to be expended by the Government, which is absolutely not the case. I would like all of you, my colleagues of the House, to consider this bill as a bill to dispose of agricultural commodities. It is a bill that has been brought to the floor of the House by the Committee on Agriculture and has had the unanimous approval of all the members of that great committee. Let us pass this bill and be about our business of trying to do something to take care of our surplus commodity situation.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. DORN].

Mr. DORN of New York. Mr. Chairman, this amendment not only will prevent the sale of surplus agricultural produce to Poland, but it will prevent such sale to Communist China, to Communist Hungary, and to other Communist nations in the world. I believe that if we keep on going the way we are, we will soon be doing business with all of the Communist nations in this world.

It is a mistake. I wish to support the amendment offered by the gentlewoman from New York [Mrs. KELLY]. It is time that we in the House of Representatives take a stand against dealing with Communist nations. Oh, yes, some have said that Poland is not a Communist nation, but its leader and its spokesman Wladyslaw Gomulka is a Communist. Chester Bowles wrote from Warsaw just 4 months ago:

Gomulka is * * * still a Communist. He knows his Communist Party is a minority in an anti-Communist sea. Second, he knows that Poland is at the mercy of the Red army. * * * Poland is a long, long way from being out of the Soviet woods. On her eastern border are 100 Red army divisions, 20 more are to the west in Germany. The government in power, although in no mood to accept direct Soviet domination, is a Communist government. * * * As long as Germany remains divided Soviet divisions will remain there. Because its military communication lines run across Polish terri-

tory Moscow will allow only limited independence.

Of course, as someone has said, probably 98 percent of the people of Poland are non-Communist, but they were non-Nazi when they were under the domination of Germany. That does not mean that we should have helped Poland when it was Nazi controlled.

I am unalterably opposed to any means by which aid, financial, military, agricultural, or otherwise, may be extended to Communist countries. I have the greatest respect and sympathy for the Polish patriots—those brave men and their families who fled before the Nazi hords or who have remained to be tread under the Communist's heavy heel. If there were any way by which we, of the Free World, could assure these particular people of our assistance without helping Russia and communism, I would be the first to applaud.

In the June 2 issue of the New York Times was a special dispatch telling of the visit of Edward Ochab, Poland's Minister of Agriculture to Moscow. While purportedly his visit was to participate in a Soviet agricultural exhibition at Moscow's invitation, it is significant to note that he was the Polish party's First Secretary until Gomulka's restoration to power last October. This augurs his sustaining strength and his ties to Soviet Russia. Only the week before, this same dispatch states Gomulka "conducted conversations with Khrushchev, Soviet party chief, with unusual success."

In the June 6 issue of the New York Times, a dispatch from Warsaw dated June 5, reads, and I quote:

Wladyslaw Gomulka told the workers of Poznan today that Poland's alliance with Soviet Union was "necessary for Poland to exist." The First Secretary of the United Workers (Communist) Party also told them: "In the present political situation we are forced to abide by the Warsaw Pact." This is the military alliance linking the members of the Soviet bloc.

The dispatch goes on to say:

Part of the United States credit agreed upon, Mr. Gomulka said, has "such high interest compared to the terms of credit in Socialist countries that it becomes a burden."

"Despite the smallness of the total amount, considering our needs, the final agreement has helped our economic difficulties," Mr. Gomulka said. "In the present political situation it is important to remember that such credits carry political implications."

He made clear his belief that despite the "political implications" Poland had no alternative to the closest ties to the Soviet Union.

"There were many mistakes and many lies in our national life in the last 10 years," he said. "But there was one truth among it all, and this truth has always been said by our party and by every patriotic Pole: that the alliance with the Soviet Union is essential. We say this and we continue to say it not only because we love socialism but because we love our country, our nation, our Poland."

He was asked whether the Soviet Union would be in a position to guarantee Poland's postwar frontier on the Oder and Neisse Rivers. To this he replied:

"The Soviet Union can guarantee the Oder-Neisse frontier when we ourselves can guarantee to them that we will follow a policy of friendship with the Soviet Union and with the countries of the Socialist bloc."

These facts and these statements by Poland's top leaders would seem to leave no doubt as to the closeness of Poland's present Government to that of Communist Russia.

The reports from Poland have established that the sustenance of the Polish people, both in food and raw materials, has been drained off and sent to Russia. It is now being fed back in heartbreaking driblets. I cannot believe that pouring our great wealth of surplus into Poland will come to any other end.

The basic difficulty with dealing with any Communist government is that Communists are not to be trusted. The word of a Communist government is no more valuable than the air into which it is uttered. The history of the last 40 years is replete with one Communist perfidy after another.

Until such time as we can find definite assurance from responsible governments that such aid, loans, or assistance as we may be able to offer will be used for the benefit of peoples and not governments, I believe we, in the legislative body, should direct the Executive to withhold any such offers.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. GORDON].

Mr. GORDON. Mr. Chairman, I rise in opposition to the amendment offered by the gentlewoman from New York [Mrs. KELLY]. Although this amendment does not mention Poland by name, it has for its object the denial of surplus agricultural commodities to Poland.

Of course, Poland has a Communist government. It is also true that under this same government the people have, to a measurable extent, been able to break away from the iron control of the Kremlin. Recent months have witnessed considerable strides by the Polish people in achieving a degree of freedom and reestablishment of their ties with the Western democracies.

The Polish people and the American people have a long tradition of mutual friendship. We should not overlook the fact that the Polish people are forced to follow a careful and restrained policy if they are not to endanger and lose the little they have recently gained in their struggle for freedom. I am personally convinced that the desire for human rights and justice and religious freedom is as strong today in the hearts of the Polish people as it ever was. We must not forget that Poland has seen in the brutal Soviet action in Hungary what premature action can bring.

I believe that our own interests require that we take a realistic approach to the situation in Poland. After the Polish revolution of October 1956, we promised aid to the Polish people. The Polish people need our help to secure the gains they have made. It may well be that we are taking a risk in supplying our agricultural commodities to Poland, but it is a risk well worth while.

If there is anything we can do in supplying agricultural surpluses to Poland which will help her attain some degree of economic security and make her less dependent on Soviet Russia, it is in our mutual interest to do so. The adoption of this amendment cannot possibly help our foreign policy. It would have a negative effect. In the words of Cardinal Wyszynski:

Do not commit this terrible mistake of refusing, for various political fancies, of refusing assistance, bread, and kindness to those, who are in such great need of assistance, bread, and kindness."

Mr. Chairman, I urge my colleagues in the House to vote against this amendment and I hope it will not be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I will take time to read only two sentences from the voluminous precedents which show that the Kelly amendment is an unconstitutional attempt to take away from the President the authority he has under the Constitution of the United States, and give this power to Congress.

In Cannon's precedents, volume 7, page 305, it is stated:

Congress cannot deal with foreign powers.

Another quotation:

The Supreme Court of the United States has said that the President has the sole power of recognition.

Yet the Kelly amendment reserves this power solely to the Congress, the power to recognize friendly governments. We certainly should not establish such an unconstitutional precedent.

I regret we did not hear further from the gentleman from Michigan [Mr. BENTLEY] who has just recently returned from a study mission in Poland.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Michigan.

Mr. BENTLEY. I would like to say to the committee that when I went into Poland some 2 months ago, I went in there with as skeptical a mind on the question of Polish aid as any Member of the House could possibly have. But I came back convinced that although we may not be able to get Poland out from under Soviet political pressure, the passage of this bill and the extension of this assistance will definitely assist the Poles in getting away from economic domination by the Soviet Union and it will strengthen Poland's ties with the West.

Let me say further that I know that the Gomulka government is Communist. The gentleman from New York [Mr. DORN] said it is a Communist island in an anti-Communist sea. What we are interested in is the fact that 98 percent of the people of Poland are definitely anti-Communist and are trying to get away from control by Moscow.

Mr. VORYS. However, if we adopt the Kelly amendment we know there will be no agricultural surplus going to Poland under this law unless and until the Congress passes a concurrent resolution sometime in the sweet by-and-by.

Mr. BENTLEY. If the Kelly amendment were adopted it would mean that the contemplated amounts for assistance to Poland will be cut in half. Yesterday, I received a letter from our Ambassador at Warsaw to the effect that a great deal of the psychological advantage which we

hoped to gain by this assistance to Poland has been lost already.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, Chicago has the largest population of people of Polish descent of any city in the world. The gentleman from Illinois [Mr. GORDON], the distinguished chairman of the powerful Foreign Affairs Committee of this House, before he was city treasurer of Chicago was the business manager of a daily newspaper with the largest circulation in the world of Polish newspapers printed in the English language. The Polish Americans in Chicago constitute a fine, patriotic, proud, and religious segment of our population. They are looking for the day when Poland will be again free of the heel of the conquerer. They are all strongly in favor of the giving of aid at this time of trial and of crisis to the people of Poland as is here contemplated. I do not know of any better guide we can have for our action than the decision arrived at by these fine Polish American fellow citizens of ours, all of whom are agreed that it is necessary now to help Poland regain her freedom. Therefore, I am opposed to the pending amendment.

From Jamestown, where men of Polish blood helped in the laying of the foundations of the land that has become the world fortress of liberty, to the 85th Congress, in which our Chairman GORDON and many others of our distinguished colleagues of Polish blood, the pages of American history carry the imprint of Polish influence. Polish blood has been spent on every American battlefield and Polish sweat has gone into every work that has built our country into her position of world power.

My fellow Chicagoans of Polish blood abhor a communism that is based upon a philosophy of materialism and denies the existence of a God. No group of people in our own or any other land is more uncompromising or more militantly in combat with an ideology that would destroy every concept that to them makes life worth while.

While proud and noble Poland has been under the heel of a brutal and godless invader, in every Polish-American home in Chicago daily have prayers gone up for her liberation. While many generations of American citizenship separate the Polish-Americans of Chicago from the Poland of today there has been a continuing contact by Polish-Americans with those remaining in Poland and of the same family bloodlines. If there are Americans of any group who are qualified to pass upon the advisability of the program we have under consideration it is only commonsense to say that that group is composed of our fellow Americans of Polish blood and descent.

They would be the last people in the world to do anything or to encourage the doing of anything that would strengthen the Communist hold upon Poland. They would be the first people in the world to do anything that, in good conscience, could be done or encourage such doing, to loosen forever the hold on noble and proud Poland of a power that would supplant a government under God with a government of brutal materialism.

Anything that we in the Congress do, or anything that is done by anyone with human limitations, can prove to be the thing that should have been done or the thing that should not have been done. When the moment of decision comes to us in voting on the measures before this body we are guided by our understanding and by our consciences. Conscience cannot exercise itself unless there be understanding. From whence do we get our understanding? It has been my experience, as I am certain it has been the experience of my colleagues, that the best source of understanding is that which is given us by those closest to the problem; most earnest and most devoted to the attainment of the desired objective.

Our fellow Americans of Polish blood and descent recommend that we give this helping hand to the Polish people, even though the Polish Government was not established by the free choice of the Polish people but is much more moderate than its predecessor under the conqueror as a result of the revolt of the Polish workers. This course is recommended to us by every organization of Polish-Americans. It is recommended to us by individual Polish-Americans of highest distinction and of the lowest station in life. Are we to turn to this recommendation ears that are deafened by our own conceit that we know better?

On every Polish anniversary occasion, I with my colleagues in this body pledge our support to the people of Poland in their fight for the light and life of freedom, and we pledge ourselves to stand by however long and dark the night until proud and noble Poland again is free. Mr. Chairman, I intend to keep my pledge. I will not now slap down our fellow Americans of Polish blood who recommend that to help the hungry and the needy and to advance the coming of the light of a new day to Poland we should take this course. I trust, Mr. Chairman, that the amendment will be defeated by such a vote that into every Polish heart in Poland, in our own country and throughout the world will come the joy of knowing that in the House of Representatives of the Congress of the United States the loyalty to the cause of a free Poland is a loyalty of action as well as of words.

Mr. BOYLE. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the distinguished gentleman from Illinois.

Mr. BOYLE. Transmitting the grave constitutional problem posed by the amendment of the gentlewoman from New York [Mrs. KELLY] and appreciating the magnificent motivation which has urged her to introduce her amendment, I am compelled to urge the rejection of the Kelly amendment. Time is of the essence since the present law 480 expires on June 30, 1957. I would like to commend my distinguished colleague and friend the gentleman from Illinois [Mr. O'HARA] for his excellent statement. I want to associate myself with what the gentleman from the great Foreign Affairs Committee has stated. I share his philosophy, I share his feeling. He is truly representing the enlightened thinking of the Polish people of Chicago and of Illinois. It would be a shame to let any extraneous issues cloud our thinking to the extent that we would literally chase the Polish people into the Soviet Union Communist orbit. This is a very critical time in world history and the great Polish people do not have very much freedom of specification. Let us remember they have made many contributions to the society of free nations. If our conduct induce the Polish people, because of no other choice, to turn their direction totally to the Soviet bloc, the help extended should not be predicated because of our surpluses but as a gesture of good will. The exigencies of the moment demand we extend the hand of sympathy, the arm of compassion and our total essence on behalf of enlightened brotherhood.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I am delighted to hear some members of the Committee on Foreign Affairs now expressing the utmost concern for the preservation of the Constitution of the United States. I wish that they had been as much concerned last year when hearings were held before the Foreign Affairs Committee on the status of forces treaties and agreements by which the constitutional rights of American servicemen and their dependents are forfeited and they can be tried in foreign courts and incarcerated in foreign prisons.

I rise to ask somebody, perhaps some member of the Committee on Foreign Affairs, what has been the experience with the $90 million loan that was made to Poland back in 1946 or 1947. Has any of that money been repaid? I understand we are now making a new loan agreement with Poland, and someone said here on the floor this morning that Poland has agreed to repay us in terms of interest at 4 percent on the money. Since no one cares to respond, I must assume the answer is that there have been no payments on the $90 million loan made back in 1946 or 1947.

I would like to ask someone on the House Committee on Agriculture: what is the purpose of giving food to Poland? Is it to feed hungry people?

Mr. GATHINGS. Mr. Chairman, if the gentleman will yield, I will say to the gentleman that it is not a question of Poland alone.

Mr. GROSS. Wait a minute. Let us use Poland.

Mr. GATHINGS. We want to feed these people who are hungry.

Mr. GROSS. So as to feed the hungry people; is that correct?

Mr. GATHINGS. That is right.

Mr. GROSS. Then I wonder why in Poland they do not keep their canned pork and canned hams at home and feed their hungry people?

Mr. GATHINGS. I want to say to the gentleman that they do ship some of that ham over to this country—the gentleman is right—but the Polish people need other foods as well.

Mr. GROSS. Yes, about 25 million pounds of pork products last year.

Mr. GATHINGS. Surplus agricultural commodities could or should be bartered to Poland in exchange for scarce metals and defense needs of the United States.

Mr. GROSS. But if the Polish people are hungry, they ought to keep their fats and oils at home. I want to agree with the gentleman from Ohio [Mr. HAYS], who spoke of his concern about the exportation of mining machinery to Poland. I wonder what is going to happen when we ship mining machinery and technicians over there to teach them how to use it. What will happen to the exportation of American coal to Western Europe? I doubt whether in the history of this country we have ever exported more coal to Western Europe than we have in the past year or two.

The CHAIRMAN. The Chair recognizes the gentleman from Vermont [Mr. PROUTY].

Mr. PROUTY. Mr. Chairman, I am not qualified to discuss the constitutional question which has been raised, but certainly if the Kelly amendment were to be adopted, Members of Congress would be setting themselves up as experts in the very complex and involved field of international relationships. I just do not feel so qualified. I think we have to rely on the judgment of the people who have the requisite background of knowledge and experience. Certainly if there were no other evidence to suggest that Poland is veering away from the yoke of Soviet tyranny, I think the mere fact that Cardinal Wyszynski and other high officials of the Catholic Church in that country, all endorsed the candidacy of Prime Minister Gomulka, not because he is a Communist but because they believed that he could with assistance from others gradually ease the Polish people from the yoke of Soviet tyranny.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. PROUTY. I yield.

Mr. FULTON. Just to answer the question asked by the gentleman from Iowa [Mr. GROSS] with reference to the 1946 Polish loan; the Polish Government is 100 percent up to date in all its payments. It has made them all.

Mr. PROUTY. Let us not consider this question on a basis of blind and unreasoning emotionalism. Let us think of it realistically, objectively. I think the Polish people and their hopes for freedom will certainly be harmed tremendously if we approve this amendment which will deny them the help so desperately needed.

Moreover, the adoption of this amendment will be against the best interest of the American farmer, because it will place a needless restriction upon the disposal of farm surpluses.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FLOOD].

WHY POLAND SHOULD BE HELPED

Mr. FLOOD. Mr. Chairman, legally I consider the amendment unconstitutional and procedurally most mischievous.

Since the October upheaval in Warsaw, when, in the wave of unrest and discontent of the population, Polish Communists recognized the urgency of needed economic and political reforms, American sympathy for Poland has been growing rapidly. From humanitarian and, to some extent, diplomatic views, at least 90 percent of American press and radio and television commentators favor technical and economic help for Poland. However, in this gratifying wave of sympathy for the Polish people a sense of apprehension could be detected. One question is being frequently asked—whether while helping Poland we would at the same time strengthen the Soviet Union and communism.

The answer to this question is an emphatic "No," for the following reasons:

First. The Polish people are painfully aware of the fact that Communist concepts of economy and industrial planning have brought them to the brink of disaster. The Communists themselves accepted this truth by retreating from such spheres of economic activities as the collectivization of farms which has been brought to a standstill and complete socialization of small private enterprises which has been abandoned.

These two examples prove beyond doubt that the Polish people have forced Communists to a considerable retreat from stubborn entrenchment in Marxist-Leninist theories and practices. And this is only the beginning. Given more time and morale as well as material support, the Poles will eventually go farther on the road to complete independence.

Second. Polish national interests, historic evolvement, as well as cultural and spiritual ties with Western civilization, clash with Communist designs for world domination. Polish implacable hostility toward communism in general and toward Russian colonialism in particular is a proven fact of history.

There is no danger that by helping Poland economically we would be strengthening communism and the Soviet Union. On the contrary, stronger and more independent Poland would mean a gradual retreat of communism in Central and East Europe and would effectively oppose Russian designs for conquest.

Another argument is being set forth even by people whose sympathy toward Poland is sincere, that there is a great risk involved in helping the Polish people now. They say that American aid for Poland would provoke Russian wrath against the Poles. They add that the Polish people have already aroused Russian antagonism to a breaking point.

Let us bear in mind, therefore, that the Poles are well aware of the risk. They are willing to take it. The very fact that they asked us for help instead of begging the Kremlin for handouts proves beyond doubt that Poland wants to return to the Western family of nations where her national birth placed her a thousand years ago. The Poles have already taken a risk by turning to the West. It should be evaluated as a calculated risk. They are risking far more in turning to us than we are risking in granting them help.

The stakes are high and worth the chance both for Poland and for the United States. In the long view of history, the Communist system of government forced on Poland by the might of Russian Army is only transitory. Poland as a nation successfully opposed "russification" in the past and, with her boundless devotion to freedom and democracy, will emerge victorious from Communist oppression. But she needs our help and fully deserves to be helped in her hour of dire need.

Finally, some aspects of Poland's foreign policy are being used in arguments against a large-scale help. We should remember that Poland's current foreign policy is not of her own choice. It has been linked to Russia with full consent and support of the Western Powers at Yalta. Poland is not yet able to follow an independent course in foreign affairs. This can develop only in accordance with the amount of material and moral help that Poland could get from the West.

I will now read a resolution introduced by me on May 6:

Whereas the recent changes occurring in the Government of Poland, which tend to indicate that the present rulers of Poland have in some degree drawn themselves away from the strict control of the Kremlin, may have an important effect on the efforts of the United States to bring about peace in the world; and

Whereas these changes were forced upon the present rulers of Poland by a gallant people whose dedication to the principles of freedom dates back 1,000 years and was most recently demonstrated during the Poznan uprisings; and

Whereas, even though the Polish people do not yet enjoy complete freedom of assembly, freedom of the press, or free self-government, the present Communist rulers of Poland nevertheless mirror to some degree the diminution of the terror and exploitation which prevailed in Poland prior to the Poznan uprisings, and they have to some degree restored religious freedom in that country; and

Whereas it is essential that the United States encourage the further development of freedom in Poland as a part of a relentless struggle against the world Communist conspiracy which has unremittingly sought to enslave mankind: Therefore be it

Resolved, That the House of Representatives expresses its continued opposition to the international Communist conspiracy which is attempting to enslave the world and with it eventually the United States. Despite the continued presence of Communist rulers in Poland, the House of Representatives recognizes that the people of Poland have made real gains toward freedom and should be encouraged to continue their peaceful efforts toward complete liberation from Communist rule. The House of Representatives extends to the people of Poland its warm and sincere congratulations for the magnificent manner in which they have conducted themselves in bringing about a significant break in the Iron Curtain, and pledges that the moral strength and material resources of the United States will be used, in the search for a just and lasting peace and for international security in a world where freedom reigns, to help the people of Poland in their difficult progress toward full freedom.

SEC. 2. It is the sense of the House of Representatives that, in order to provide immediate and effective support for the people

of Poland in their struggle for complete liberation from Communist rule—

(1) the United States should speedily furnish substantial economic and technical assistance to the people of Poland, subject to careful control through the use of inspection teams or otherwise to insure that commodities and equipment so furnished will not be diverted to Russia or her satellites but will remain in Poland for the purpose of strengthening her internal economy and bolstering her people in their quest for freedom;

(2) the United States should seek permission from the Government of Poland for Americans to send CARE packages into Poland, and for recognized American relief agencies to enter that country and distribute surplus American farm commodities to the Polish people, until such time as future harvests eliminate the near famine which has resulted from the coerced collectivization of Polish farms;

(3) mailing charges on packages being sent by Americans into Poland should be reduced so as to encourage a greater flow of such packages and a corresponding increase in help to the Polish people during the present economic crisis;

(4) the United States should seek, as a condition of economic and technical assistance, a reduction in (or the elimination of) the high tariffs presently imposed by the Polish Government on relief packages being sent into Poland from the United States.

(5) the United States should recognize Poland's western boundaries as established in the Potsdam agreement, thereby bolstering the faith of the enslaved nations of eastern Europe in American leadership, dispelling their fear that the revival of predatory militarism in Germany is being achieved with American help, and depriving Russia of her only claim for keeping Soviet troops in Poland;

(6) the United States should seek through diplomatic channels the return to Poland of her eastern lands which have been seized by Russia;

(7) the United States delegation to the United Nations should continue to press for free and unfettered elections in Poland so as to give to the people of Poland the complete freedom of self-expression which was in fact denied them in the recent alleged Polish elections;

(8) the United States should not release the $75 million in Polish private assets presently frozen in the United States until the zloty-dollar exchange is brought to a more equitable level;

(9) the obsolete and unfair formula for determining quotas under the Immigration and Nationality Act should be changed to provide a more realistic quota system under which Poland and the other middle European nations would be granted larger quotas; and

(10) the Department of State should take immediate steps to enlarge its embassy staff in Warsaw to facilitate the issuance of immigration and tourist visas to Polish nationals.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, it seems to me, with reference to the Kelly amendment that we should be very careful that we do not abandon the section of the Constitution which delegates to the President the authority to fix our foreign policy. That is within his province. He understands it much better than most of us here, perhaps with the exception of members of the Committee on Foreign Affairs who are all experts. But I think as far as I am concerned, while I may not always agree with the foreign policy, I think we are better off to leave it in the hands of the President who has his diplomatic staffs and agents throughout the world to keep him informed of what is going on in every country.

So I feel that the Kelly amendment should be defeated and should not become part of this bill.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. ROONEY].

Mr. ROONEY. Mr. Chairman, I rise in opposition to the pending amendment. It is indeed seldom that I find myself in disagreement with my distinguished colleague from New York [Mrs. KELLY]. However, I should be remiss if I did not point out that in this morning's New York Times there is an article by Sydney Gruson from Warsaw, Poland, under yesterday's date, which reads in part as follows:

CARDINAL WYSZYNSKI LEADS 300,000 IN WARSAW IN LARGEST RELIGIOUS MARCH SINCE 1930's

This capital was the scene today of an extraordinary display of Roman Catholic devotion and of the harmony now existing between the church and Poland's ruling Communists.

A great crowd, estimated by some policemen at 300,000, walked in the first Corpus Christi procession since Stefan Cardinal Wyszynski, Primate of Poland, was freed from house detention last year—the beginning of the church-state accord.

The tremendous turnout was yet another demonstration of the esteem in which the cardinal had come to be held.

I should like to read a translated extract or two from certain remarks made by His Eminence Stefan Cardinal Wyszynski to a group of American women of Polish descent who participated in the ceremonies at the conclusion of the Marian Year at Jasna Gora, in Poland, on the 3d of May last, on the subject of aid to Poland:

Your press is also deliberating as to whether one should aid Poland or not.

When you see your child sick, do you deliberate whether to aid it or not?

When you see your mother in distress, do you rack your brains and deliberate politically, whether it is fitting to hurry to her assistance or not?

Beloved children, do not make the great mistake of refusing—for various political considerations—aid, bread, your hearts, to those who need aid, bread, your hearts.

The nation needs aid, bread, and your hearts.

Mr. Chairman, I submit that the man who uttered these words has fearlessly stood under the guns of the Soviet Union for many years. He is no Red, no atheist, no Communist. I think he is qualified to speak in behalf of the freedom-loving Polish people, and I shall take his judgment in the premises rather than the judgment of others who cannot possibly be as acquainted with the situation in Poland as he is. We must be realistic about this matter of surplus agricultural products for Poland and we must hold out some hope to her people.

I am in agreement with the gentleman from Michigan [Mr. BENTLEY] in that while I oppose adoption of the pending Kelly amendment which as a lawyer I am sure is unconstitutional, and which would bar the sale of any of our surplus agricultural commodities to Poland, that this does not mean that I favor aid of any kind to Tito. I opposed the first Yugoslav loan and since then I have each year consistently opposed all military or economic aid for this Communist dictator.

On yesterday the distinguished, capable, and charming gentlewoman from New York [Mrs. KELLY] at the time she offered the pending amendment, inferred that if it were rejected it was possible that the Department of State might next advocate admission of Red China's representatives to the United Nations. In this connection let me say that the regular annual appropriation bill for the Department of State which bears my name as author and which was passed by the House and Senate, signed by the President on June 11, and thereby enacted into law, contains the following provision:

SEC. 105. It is the sense of the Congress that the Communist Chinese Government should not be admitted to membership in the United Nations as the representative of China.

A section similar to the foregoing section has been contained in each of the State Department appropriation bills bearing my name as author which have become law in the past 4 or 5 years and it is my intention to continue to vigorously resist admission of the Communist Chinese Government to membership in the United Nations.

The following are additional translated excerpts from the address given by His Eminence Stefan Cardinal Wyszynski at Jasna Gora on May 3 last:

Perhaps they will say about us there [in America], "You are going far; maybe you are going too far."

We shall reply: "Yes, truly we are going far. We often go very far, even to prisons, when necessary."

And for us this is not heroism. It is duty, which we perform calmly, with dignity and with the confidence that—ultimately God triumphs because He is the Lord of this land, He is the Lord of the hearts which He animates and arouses for this land. He is the Lord of this people.

I read in the Polish-American press considerations and articles on the subject: Should Poles visit the motherland?

Opinions differ. Some accept it with enthusiasm, as a normal, natural thing, and others with reservations.

My answer is: Everyone has the right to do something about the feelings which are awakened in him, and everyone has the right to his motherland.

You, too, have it. And you do well when you show an independent judgment, an independent decision, and you come here to pray in common with us, to look at the motherland, to bring us joy.

If anyone should ask you: "What does the primate think—should the children of Poland visit their motherland or not?" you can reply that I answer boldly: "They have the right and even the duty to do so."

We are defending life, and we defend it as our first duty, because one must first live. And everyone who is aware of his community with the nation must remember that he has the duty to come to the aid of the nation, regardless of the conditions in which the nation finds itself, because that is the duty of natural law.

Everyone who can should come to the aid of those who are in dire need. And the Polish nation is in dire need.

In this respect my attitude may be very distinct and different, but full of conviction and full of truth, as I understand it.

We are here and want to remain here. We know the needs of the nation and we appeal for aid to that nation. We appeal, perhaps, at times in a manner which is very humiliating for us.

Let the statesmen defend the prestige of the nation * * * they sometimes have the duty not to go further than the prestige of the nation requires.

But I am not a statesman. I am a child of my nation.

And if there be a need to humiliate myself for the good of that nation, I will do it, regardless of any raison d'etat, of any policy.

My policy is first: To feed the hungry, to clothe the naked, to assure the poor of a roof. Anyone anywhere can judge me as he sees fit. In this instance it makes no difference to me. I am performing my duty.

So I say:

Tell your sisters, tell your compatriots, tell your daughters, tell your husbands, that the primate of Poland on his knees—because he is not obliged to fight for his dignity—appeals to you for aid to the hungry, to the naked, to the sick (of whom there are terribly many in our land) and to the homeless.

On the issue presented by the pending amendment I prefer to err, if I do, in charity to a historically freedom-loving people. These are not American dollars with which we are concerned, these are surplus agricultural commodities which may subsequently go to waste and ruin. I am willing to support the administration's negotiated program for Poland in connection with these surplus products and I hope that when the roll is called on this issue there will not be a half dozen votes in support of the pending amendment. I urge its rejection.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. PHILBIN].

Mr. PHILBIN. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, I think it is of paramount importance that the Congress immediately pass this bill, and thus validate and implement the essential agreement for assistance to Poland.

I do not think any Member of this House seriously considers the Polish people or any considerable part of the Polish people as Communists. That would be a great injustice and a great error. They are historically a people and a nation that throughout the centuries has made very gallant, bloody struggles for freedom, and they have invariably associated themselves with the democratic nations of the world. They are our friends and now in their despair and distress they deserve our wholehearted support. I think it is of the utmost urgency that we move fast in this matter. We cannot afford to delay further in enacting this bill. We must not temporize with sacred human life. We will not do so.

I believe it is clearly demonstrated by this debate and by the quotations that were made from the recent remarks of a beloved and very distinguished spiritual leader of the Polish people, by the distinguished gentleman from New York [Mr. ROONEY], that human lives are at stake, lives of a great people who above all peoples on the democratic side have made bitter sacrifices for the cause of the Free World.

I know that the House understands the dire and tragic need that this program will relieve. It is time to act with promptitude and dispatch. It is time to hold out the hand of compassion and sympathy and brotherhood to the suffering peoples of Poland. If this program does nothing else, if it achieves that end, it will more than justify its continuance.

So, Mr. Chairman, I am convinced that this bill, amended as it will be in accordance with the will of the House, is meritorious and should be passed forthwith. I hope that it will be speeded through the other body and promptly be put into effect by the President.

In the name of humanity, as well as in our own interests, let us act favorably upon this bill now.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. PHILBIN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. May I compliment the gentleman on his fine statement for the people of Poland.

Mr. PHILBIN. I thank the distinguished gentleman.

Mr. DONOHUE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. GATHINGS].

Mr. GATHINGS. Mr. Chairman, just as the gentleman from Massachusetts has said, time is of the essence. This bill ought to be speedily enacted. June 30 is the deadline and the very last day. The act will expire at midnight on June 30.

The amendment offered by the charming lady from New York would require affirmative action of this Congress on the matter of who would be considered as a friendly nation. I believe those matters, and such decisions, should be left in the hands of the executive branch of the Government. Last summer Secretary of State Dulles came before our committee and made a splendid case for additional discretionary power with respect to this act. He wanted to strike out section 304 of the act and be given the authority to make bilateral agreements with certain nations behind the Iron Curtain in return for goods we needed. I wish that we had approved his suggestions in both Houses. Our committe was favorable to the Secretary's recommendations. He foresaw the trouble and unrest in the satellite nations. We should have given him the authority to move these surpluses into the hands of the needy people behind the Iron Curtain. I wish it had been done.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Michigan.

Mr. BENTLEY. Was this strictly for barter purposes, not for sale but barter?

Mr. GATHINGS. For barter. That was the purpose of his coming before our committee, to give him the privilege to go in there and barter these various foods, and hold them up to the hungry mouths of those people who needed the food so badly. We, in turn, could get precious minerals and metals that we could use in our stockpile.

More elasticity is needed in this program, to my way of thinking. The amendment now under consideration would restrict the act and make it more rigid and difficult to administer. Secretary Benson and his associates have done a splendid job in moving these commodities.

Mr. Garnett, the Administrator, and Mr. Whipple, Assistant Administrator of the Foreign Agricultural Service, are entitled to the praise and plaudits of an appreciative people for their highly commendable service in the disposition of surplus agricultural commodities. Just to show you, let me read these figures. They have entered into 30 contracts with as many countries for the distribution of 2½ million bales of cotton, 22 million bags of rice, 430 million bushels of wheat, 150 million pounds of meat, 130 million pounds of dairy products, and many other commodities of various types, including 1.2 billion pounds of vegetable oils and feed grains, totaling 75 million bushels. The three main objectives of this program are being carried out and fulfilled and they are to regain and maintain our rightful markets in the world, to move out of our swollen warehouses these surpluses, thereby saving enormous storage costs.

I hope the amendment offered by the gentlewoman from New York will be defeated.

The CHAIRMAN. The Chair recognizes the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY of New York. Mr. Chairman, I want it clearly understood that I am not against the people of captive nations. I have in the past voted for and I will in the future vote to give agricultural surpluses to these people. Nor do I want at this point to bring religion into the issue. My only wish in life is that all peoples regardless of their faith will have their natural God-given rights and be recognized as children of God. If the President of the United States decided tomorrow that Red China or North Korea or North Vietnam were friendly nations, I wonder how the Members would vote on my amendment or I wonder how they would wish they had voted. That is the issue. If you do not vote for my amendment, you divest the Congress of any say in this critical and crucial matter which is the disposition of these surplus commodities and nothing else. I feel it is absolutely ridiculous to consider my amendment an invasion of the President's power. This is no more an invasion of the President's power than clause 1 of this section 107 of the bill because in clause 1 the Congress precludes the U. S. S. R. from being a friendly nation. Therefore, I believe, Mr. Chairman, that when this original definition of mine was accepted by the Committee on Agriculture and accepted

by that able chairman, our former colleague from Kansas, Mr. Hope, it could have been declared unconstitutional at that time. It has been in operation since that time. My amendment is not to clause 1 of section 107, but it is to clause 2. Therefore, if clause 2 as amended by me would be unconstitutional then you must declare that clause 1 is unconstitutional.

Mr. Chairman, I hope my amendment will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Maine [Mr. McINTIRE].

Mr. McINTIRE. Mr. Chairman, I simply want to express my opposition to this amendment. May I say that the factors involved, the issues underlying this discussion and the purpose of the amendment, are problems that I have given close consideration. While I feel that there is merit in an objective consideration of the issue, it is inappropriate to attach this amendment to this legislation. Decisions should be reserved to the President.

Mr. Chairman, I urge the Members to vote against the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. WAINWRIGHT].

Mr. WAINWRIGHT. Mr. Chairman, the gentlewoman from New York is a very courageous person. She is defending international morality by refusing to aid a country which is clearly Communist and within the Communist orbit. It is a strange thing that many of the Members who are opposing her amendment—who are normally very isolationist—are doing so on the grounds that the Polish people in their districts are in favor of aid to Poland. We do strange things for politics in this House.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE] to close the debate.

Mr. POAGE. Mr. Chairman, might I suggest to the membership that we have an important bill before us, one that everybody agrees is a sound bill, one that everybody thinks we need to continue, a program that has worked well—and that is saying a great deal for one of these agricultural programs—a program that almost everybody agrees with.

Now we have an amendment proposed that bears no relationship to the purpose of the legislation. Whether the purpose of the amendment is desirable or undesirable, it has nothing to do with the disposition of surpluses but is intended to impose a type of philosophy or thought about the government of some foreign nations. That is not a very relevant part of the legislation before us that we are trying to extend.

Whether you feel we should have a separate vote here every time we make a trade agreement or whether you do not, whether you feel that the Polish Government is controlled from Moscow or that the Poles are trying to establish a government of their own; whether you feel we should be of help to them, or not, it seems to me it is altogether out of place to use this bill, this successful program, as a vehicle on which to attach a program about which there is so much controversy and which we know would be so detrimental to this program of disposal of surpluses.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Why should we bring in the question of the recognition of Communist China on the sale of our United States agricultural surplus products that are involved in the bill debated here, extending Public Law 480? This is farm legislation from the Agriculture Committee. Members of the Foreign Affairs Committee should handle consideration of major foreign affairs problems but not as amendments to farm legislation. Why do this today?

Mr. POAGE. I have not the slightest idea, I will have to say to the gentleman from Pennsylvania.

But I have observed that every time the Committee on Agriculture brings a bill onto this floor about six other committees want to help us write the legislation. I simply want to suggest to the Foreign Affairs Committee that when they bring in a bill sometime in the next few weeks, a bill which is similar in character to this this bill I hope they will not feel it is out of place for us of the Agriculture Committee to try to write in some of the details.

Mr. BOLAND. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BOLAND. Mr. Chairman, I rise in opposition to the amendment of the gentlewoman from New York and I sincerely hope that the House will vote it down. The effect of this amendment is to deprive Poland of any assistance under the provisions of Public Law 480, the extension of which is now under consideration by this committee.

In the debate on the amendment yesterday, it was said that no one in the House would now say that Poland is not now dominated by Moscow. I am one who, in the face of recent events and facts, is willing to declare that Moscow does not dominate Poland or the brave, courageous Polish people. The stirrings, declarations, and pronouncements that have emanated from the leaders of the Polish nation under Premier Gomulka ever since the upheaval of last fall tend me to believe that the leaders have veered away perceptibly and are not completely subservient to the Kremlin. Of course, the facts and events demonstrate that the Polish people generally have never been arrayed or ever will be found on the side of communism. For their whole character and makeup is opposed to any system that kills freedom of the individual and stifles the desires of a people to have a government of their own choosing.

The change in the political climate of Poland over the past months has been remarkable and it has been continuing. The Gomulka regime has removed the jamming of Western radio broadcasts. The Polish people are now free to listen and to learn. The newspapers of the Western world are now permitted in the stores and on the streets of Poland and the Polish people are no longer isolated of the world events and news. Cardinal Wyszysnki is again free to mingle with his people and to travel outside of Poland as he recently did in his visit to the Vatican. The present Polish rulers are now permitting Americans and other westerners to visit Poland and to allow Poles to travel in the West. Those of us in this Congress who have been close to this situation know how difficult and how impossible it was to obtain visas for anyone to enter Poland or for anyone to leave Poland before the Gomulka government assumed control. And it is significant to note the number of people that are now freely traveling to and from Poland. All of these events have brought more freedom to this once completely dominated Communist country or whose government was Communist dominated. And we have been taking advantage of these avenues of freedom. We want these freedoms to continue and to grow. To turn our backs on the realities of the times and the great opportunities that are before the Western world would be tragic indeed. Here is another and a real and a great chance to prove to the world that we are willing and anxious to help people to cast off the shackles of slavery and domination. For if these people cannot turn to us, where will they turn? The answer, it seems to me is crystal clear for there is no other place, is to the Soviet. It is idle to believe that Poland can pull itself up by its own bootstraps. To think this, one would have to close one's eyes to the past 17 years from the time that Hitler started the destruction of Poland followed by the terrible slaughter of the Polish people and the shattering of her entire economy and the stifling of freedom by Stalin and his gang. Poland needs a big shot of American assistance. Under this bill we are debating she gets a start, a real start on the long road back. By this help we are giving the Polish people real hope that they can get a better break under the Gomulka's national communism than under a regime that is tied lock, stock, and barrel to Moscow.

Mr. Chairman, this bill helps to dispose of our surplus commodities. Poland will pay in her own currency and this money will be used to trade with her and to build up her own economy.

Mr. Chairman, I ask for the defeat of the amendment that would deny assistance under Public Law 480 to Poland.

The question was taken; and on a division (demanded by Mr. ROONEY) there were—ayes 5, noes 108.

So the amendment was rejected.

Mr. SMITH of Mississippi. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Mississippi: Add a new section, to be numbered properly, to read as follows: "That section 210 of the Agricultural Act of 1956, Public Law 540, 84th Congress (70 Stat. 202), is amended (1) by inserting after the word 'State' the words 'and local penal and,' and (2) by striking out 'for minors'."

Mr. SMITH of Mississippi. Mr. Chairman, this amendment is not one which is unfamiliar to the committee

Members. It was considered in committee and at one time approved by the committee at a certain stage of the proceedings. I offer it today not in any attempt to impede Public Law 480 but because I think it offers an opportunity to accomplish what I believe is a desirable purpose in regard to our surplus food program.

The amendment would have the effect of making surplus foods available to local and State penal institutions. They are now available to penal institutions that are of the reform school type but they are not available to penal institutions generally. I do not understand the difference in the classification and why surplus food was made available to reform schools but was not made available to all penal institutions.

In this program where surplus food is being given away to public institutions of various types, given away for relief and things of that nature, and given away in all types of distribution, we should make it available to our own public institutions. This amendment has been recommended by The American Correctional Association.

The language of the amendment provides that this surplus food be made available in addition to the regular normal purchases by these institutions. I think the merit of the idea is obvious to everyone. It would help supplement the diets of these people, and this is a very important matter to all of us. This surplus food should be made available to penal institutions throughout the country and I hope, therefore, that the committee will adopt the amendment.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Mississippi. I yield to the gentleman from North Carolina.

Mr. COOLEY. The amendment just adds "penal institutions." The law already provides for reformatories?

Mr. SMITH of Mississippi. The law makes it available to reformatories and this would make it available to all types of penal institutions.

Mr. COOLEY. Mr. Chairman, while I have no authority from the committee to accept the pending amendment I do want to say that our committee has considered this matter very carefully on 2 or 3 former occasions and, if my recollection is correct, on these former occasions our committee reported legislation of this type. The law does provide now that surplus foods can be made available to reformatories, and I see no real difference between a reformatory and a prison as far as the distribution of surplus food is concerned. Therefore, I have no further comment to make, and I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. SMITH].

The amendment was agreed to.

Mr. COOLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: Page 2, following line 3, add the following new paragraph numbered (4):

"Section 104 (e) of such act is amended by striking out the semicolon at the end thereof and adding a comma and the following: 'for which purposes not more than 25 percent of the currencies received pursuant to each such agreement shall be available through and under the procedures established by the Export-Import Bank for loans mutually agreeable to said bank and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however,* That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States. Foreign currencies may be accepted in repayment of such loans.'"

Mr. COOLEY. Mr. Chairman, this is a slight variation from the amendment which was adopted by the committee. I was instructed, I think by unanimous vote of the committee, to offer this amendment. But, there has been a slight change in the amendment that I now have presented by the proviso which I will read:

Provided, however, That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States.

I introduce it with that explanation as a committee amendment. There was one other change which I am sure the members of the committee are entirely familiar with.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Iowa.

Mr. GROSS. Now, under the terms of this loan could foreign countries buy surplus feed grains from the United States?

Mr. COOLEY. Yes. But this amendment has no effect on that—it is in the law now.

Mr. GROSS. All right. Let me ask the gentleman this question: Having bought these grains, can they, for instance, feed hogs in foreign countries and then ship canned hams and other pork products into this country?

Mr. COOLEY. No. The proviso takes care of that: "No such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States."

Mr. GROSS. How are you going to distinguish? The Poles are now shipping pork into this country at the rate of about 25 million pounds of boned canned ham and other similar products a year. How can you determine whether the feed shipped over there at bargain prices is not used for this purpose? How do you break that down?

Mr. COOLEY. The gentleman realizes, of course, that the President has the authority to prevent the importation of agricultural products when it conflicts with our own agricultural program.

Mr. FULTON. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. I have been waiting for a question on the amendment, but, if they are starting to debate it, I have a point of order against the amendment. They are starting to debate it, and I want to reserve my point of order.

Mr. COOLEY. We have been debating it for about 5 minutes.

Mr. GROSS. Mr. Chairman, I submit the point of order comes too late.

Mr. FULTON. There was a question on the amendment, so I have a point of order on it.

Mr. COOLEY. All right. I make the point of order that the point of order comes too late.

The CHAIRMAN. The gentleman from Pennsylvania will state his point of order.

Mr. FULTON. I make the point of order that the amendment is not germane to this bill; that it is actually tariff legislation; and, secondly, that it is an impossible, indefinite amendment. It would mean a restriction abroad on the production of plants without any time limit on it. First, it is tariff legislation; secondly, it is a restriction abroad that we have no control over in the United States of America.

The CHAIRMAN. The Chair would have to overrule the point of order because debate has been had on the amendment. The gentleman's point of order comes too late.

Mr. FULTON. Mr. Chairman, may I be heard on that point?

The CHAIRMAN. The Chair regrets that there is no point in discussing the matter. The Chair has ruled that the point of order comes too late.

Mr. FULTON. Mr. Chairman, may I be heard on that point? I had understood——

Mr. COOLEY. Mr. Chairman, I thought the Chair had already ruled.

The CHAIRMAN. The Chair has already ruled. I am sure the gentleman understands that points of order have to be made before there is debate upon the amendment. Debate has been had upon the amendment. The Chair, therefore, rules that the point of order comes too late. The Chair cannot hear the gentleman further.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman.

Mr. GROSS. The gentleman made some statement, when the interruption came, to the effect that there was some way by which these imports of pork products could be shut off.

Mr. COOLEY. The President already has the authority to prevent the importation of agricultural commodities that compete with our own commodities to the extent that they interfere with our farm programs.

Mr. GROSS. Surely, he does. Let me remind the gentleman that we in Congress passed, in good faith, the Battle Act, to deny aid to foreign countries that shipped strategic materials to Communist countries. Yet when the President was confronted with the question of shutting off aid to Britain and France, who admittedly were shipping strategic materials to Communist countries, he said that it was in the interest of the

United States to continue to give aid to those countries, hereby completely nullifying the Battle Act. And the President will not intervene, and the gentleman knows it, to shut off the importation of agricultural products such as canned hams from Poland.

Mr. COOLEY. What can the gentleman from North Carolina do about it if your President does not act? The gentleman from North Carolina has no authority to compel him to act.

Mr. GROSS. I am saying that by the gentleman's amendment he is going to help increase the importation of certain agricultural commodities into this country.

Mr. COOLEY. No, it certainly will not do that. The purpose of this amendment is to make loans to American businessmen to build processing plants for agricultural commodities abroad, and for other purposes. It just provides an additional use for the funds rather than to let the money rest in some banks in some 20-odd nations.

Mr. GROSS. And what did we do in Japan after the end of the war? We sent modern knitting machinery and technicians over there to teach the Japanese how to make knitted products that Americans would wear and today they have absorbed a substantial part of our production and have driven many of our knitted wear plants out of business.

Mr. COOLEY. That would not be possible under my amendment.

Mr. GROSS. Yet, but it is by just such enactments as this that Congress made it possible to do these things.

Mr. COOLEY. The gentleman is wrong. If we have given up control over these matters, we gave them up when we originally enacted the law. This is an effort to tie down at least 25 percent of the funds, to be used for a purpose that we think would be advantageous to the American taxpayer.

Mr. BROWN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman.

Mr. BROWN of Missouri. Mr. Chairman, I share the sentiments of the gentleman from Iowa [Mr. GROSS] regarding the importation of pork products. But as I read the chairman's amendment, I believe the proviso that the chairman has included will definitely shut off these importations.

Mr. COOLEY. That is the reason I put the proviso in there. I will say to the gentleman from Iowa [Mr. GROSS] that that was the reason and the one purpose of the proviso—to prevent loans for manufacture of products to be imported into the United States—including agricultural products such as hams.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. MASON. Mr. Chairman, I object.

Mr. JENSEN. Mr. Chairman, I am sure every Member of Congress knows that we have a great many people out of work in America today. The primary reason is that our tariff wall has been reduced year after year to such an extent that a flood of foreign goods are coming into this country and being sold so cheaply that our affected industries cannot compete.

Mr. Chairman, whatever this House does in this bill today, I hope we will not do anything that will in any way help American industry or industry of any other country build factories or processing plants in any foreign country to compete against our domestic industry. Much as I should like to help the peoples of the world, people that need and deserve help, we must not forget that if we do not keep our great buying power, our friends across the seas will really suffer.

Every year we buy billions of dollars worth of their products which they must sell and which we need. If the time ever comes when the American people no longer buy those products, then our friends across the seas will really be in trouble.

There is another thing I want to talk about. The peoples of the world are all clamoring for American dollars. Those who buy for the Government of the United States and for private industry go all over the world and, knowing that those people want our dollars, buy cheaper than they should. In fact they say, "You need our dollars. We will pay you so much for these goods." Which is generally much too little. Then in order to build up their economy, Uncle Sam sends them billions upon billions of dollars for Christmas, so to speak, at all the United States taxpayers' expense.

It reminds me of the time I was a boy on the farm. Our neighbor always bought our calves. He would come over about September 1 and say to my father, "Martin, you have some calves about ready to sell, haven't you?" Dad would say, "Yes." "What do you want for them?" "What are you paying?" "Oh, $12 a head." The price was always the same, $12 a head. And Dad would sell them. But that neighbor always sent us a big sack of candy at Christmas time.

That is what we do. We buy from peoples all over the world for less than we should pay for their products, and then we send them billions of dollars to keep them in good humor and on our side, we hope.

I had an experience while I was in Japan a number of years ago. The press asked for a press conference with our delegation and a Japanese reporter asked us this question, "Do you think Japan would be better off in the long run to tie their business relations and their economy to China or to the United States?" Congressman McGrath, of New York, was chairman of the committee. He asked me to answer that one. So I gave them a lot of reasons why they should tie to the United States of America. I said, "The American dollar is good all over the world. We buy your silk and we buy your tea and we buy your toys. We buy almost everything you have for sale." I gave him a lot of reasons. So said I, "I am sure that Japan would be better off if they tied their economy and their trade relations to the United States." Then the reporter said, "That is what I thought your answer would be." I said, "What is wrong with it?" He said, "Well, only this, all your private purchasers and your Government purchasers come over here and they beat the price down on everything we have to sell to the point where we cannot pay our laboring people anything above a subsistence." Said he, "If the United States of America would pay what our goods are worth comparable to what such goods are worth in America, we would need little financial assistance from the United States and would take care of ourselves, and all our relations with the United States would be greatly improved."

I hope the Members of Congress and our importers will really take this serious matter to heart, for certainly it has far-reaching implications. Nations are no different than most individuals regardless of who they are or where they are, they would rather stand on their own feet than to be obligated to anyone, at least when they are able to operate on their own power.

Mr. PELLY. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. PELLY moves that the Committee of the Whole House do now rise and report the bill back to the House with the enacting clause stricken out.

Mr. PELLY. Mr. Chairman, what I have to say is said with the greatest respect. I am a Member of the Congress, but I am not a member of the Committee on Agriculture. Like many of the Members who have been in this Chamber during both days of debate on this bill, I have thought that I had a right to look to the members of the Committee on Agriculture for leadership and guidance. I have been present through this entire debate and I have seen the chairman of the Committee on Agriculture in several instances not defend the committee against what I considered certain crippling amendments.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. PELLY. I yield.

Mr. COOLEY. The gentleman evidently was not listening to me a moment ago. I said this is a committee amendment.

Mr. PELLY. I heard the gentleman say the amendment was almost similar to one supported by the committee.

Mr. COOLEY. And we have only had 1 amendment adopted, or 2 amendments.

Mr. PELLY. What I want to say is said in the greatest respect but the gentleman has not defended the bill against attack.

Mr. COOLEY. The last amendment adopted was an amendment that had been reported by our committee on 3 or 4 different occasions. It could not possibly be construed as an attack on the bill.

Mr. PELLY. I want to explain the confusion caused by the chairman.

Mr. COOLEY. The chairman has not confused the gentleman.

Mr. PELLY. Mr. Chairman, I cannot yield further until I make this explanation.

First of all, the chairman of the committee said he would accept personally

certain amendments, but that he did not speak for the rest of the committee. This was with reference to earlier amendments. Later on, he did present and support an amendment which came up, which he said was a little bit different in form. But, in any event, I want to repeat that I look to the members of the Committee on Agriculture who have heard the committee testimony on this agricultural extension act for leadership and for support of the position of the committee. I do not think I have seen that in this instance. Personally, I am going to vote against the bill unless some of the amendments that have been accepted are stricken out later on when the time comes.

Mr. COOLEY. Will the gentleman be kind enough to specify the amendments to which he objects?

Mr. PELLY. One amendment, to be specific, would be the Thompson amendment on cotton. I urge its defeat. I do support legislation to reduce CCC surplus commodities as reported by the full Agricultural Committee. I trust my statement here and position are clear. Certainly I have intended in no way to reflect on the actions of the chairman of the Agricultural Committee or any member.

Mr. ABERNETHY. Mr. Chairman, I move to strike out the last word.

I am not going to oppose the motion, Mr. Chairman, in fact, I think I am going to vote for it. I am going to do so reluctantly, however. We have now spent about 3 days in an effort to pass a bill, a pretty good bill, incidently, which was requested by the administration. It is wanted by President Eisenhower, Secretary Dulles, and Secretary Benson. They want the bill, and for 3 days now we have been trying to pass it. But there does not seem to be very much cooperation. If we had a little better cooperation, I think perhaps we could have gotten the bill for them. Evidently no one wants the bill—that is, not many in the House, especially among the Republicans.

So, that being their attitude, I suggest we go along with the gentleman's motion, strike out the enacting clause and get on with something that somebody does want.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. ARENDS. I have listened very attentively to what the gentleman said about the President, the Secretary of State, and others.

Mr. ABERNETHY. I was not saying that critically.

Mr. ARENDS. I agree with what the gentleman says about this bill. I think it is absolutely correct, 100 percent correct.

I wonder if there has been any desire on their part to have incorporated in this bill what I term to be the needless amendment that was adopted yesterday.

Mr. ABERNETHY. I could not answer the gentleman; I do not know, but the amendment which was adopted yesterday is certainly not the crux of all the controversy we have here. This matter has been shuttled off into so many different channels and so much criticism has been made of the Committee on Agriculture—I happen to be a member of that committee—that we are just beginning to tire of it. This is one instance in which we have done our best to cooperate and assist the leaders of this administration. But we are not getting much cooperation from where it is most needed or most expected. So I suggest that the House ought to adopt the preferential motion offered by the gentleman from Washington and get on with something else.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. LAIRD. I have been sitting here throughout the consideration of this bill and I have not noticed that there have been many crippling amendments.

Mr. ABERNETHY. I am not speaking of amendments.

Mr. LAIRD. As a matter of fact, no amendment was offered from this side of the aisle.

Mr. ABERNETHY. I am not speaking altogether of amendments; I am speaking of the general attitude of many in the House who have for 3 days criticized everything about this bill, including the Committee on Agriculture. Evidently the House does not want the bill, so I am suggesting that we adopt the preferential motion and get on to something the Members do want. If the Members do want the bill, then let us put an end to this marathon of controversy and pass it.

The CHAIRMAN. The time of the gentleman from Mississippi has expired; all time has expired.

The question is on the preferential motion.

The motion was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from North Carolina [Mr. COOLEY].

The question was taken; and on a division (demanded by Mr. COOLEY) there were—ayes 75, noes 56.

So the amendment was agreed to.

Mr. ARENDS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, an amendment passed yesterday would authorize the Commodity Credit Corporation to donate raw cotton, mattress ticking, sheeting, and blanketing to States for distribution to needy persons and charitable institutions. The amendment contemplates that the State distributing agencies—which handle the distribution of surplus foods—would be responsible for financing the cost of further processing these materials into mattresses, sheets, and blankets.

I strongly feel that the House should reconsider its action of yesterday. Such a program cannot make a contribution to the effective disposal of CCC inventories. In fact, these donations are certain to replace the regular purchases of cotton products—especially by the institutions that would be receiving the mattresses, blankets, and sheets.

First, there is a practical limit to the number of mattresses, blankets, and sheets a family or institution can use. Thus, if the Federal Government makes them available without cost, there is no reason why these families will continue to buy such products. Thus, a program the Congress passes in the name of surplus disposal is, in fact, a program to reduce the regular markets of the cotton industry.

Second, few, if any, States would find it practical to undertake the expenses involved in contracting for the manufacture of these donated cotton materials into mattresses, sheets, and blankets. When a program of this type was operated during the depression years, the manufacturing was done in WPA sewing projects—at no cost to the State. Even then—when the need for such a program certainly could better be defended, only 657,000 bales of cotton were moved in the 5 years the program was in operation. I do not see, therefore, how we can expect such a program to contribute to the cotton disposal program under present-day conditions.

You will recall that the Department of Agriculture found it was impractical to give wheat and corn to States when the States had to bear the expense of processing these grains into flour and meal. If that program did not prove possible, I cannot see how we could expect that States will be in a position to finance the manufacture of mattresses. If this legislation should pass, the Congress would soon be faced with the necessity of putting CCC in the mattress business. Is that what you want—more Government in business in competition with your people?

Third, this program would require the Commodity Credit Corporation to take on added expenses that could not be justified. In addition to the investment in raw cotton, it would cost more than $100 a bale for the CCC to process cotton into mattress ticking, sheeting, and blanketing. Not proposed in Committee nor considered. And, added to that, would the costs of hiring additional employees to contract for the processing and supervise State administration of the program. And, all this would be authorized at a time when the administration and the Congress is seeking every means of holding down Federal expenditures.

I know every Member of the House is seeking ways to constructively use our surplus agricultural inventories. But this program will only add to the difficulties faced by the cotton industry and to the costs of the Federal Government.

Also, the addition of this amendment to the bill gets away from the real purpose of Public Law 480, to define CCC commodities abroad. Also, the amendment might well place in jeopardy the final passage of this worth while and objective legislation. Let us not load this bill with this unneeded amendment. On a rollcall vote, which will be had, the amendment should be defeated.

The program authorized in this amendment cannot—for all the expenditures involved—result in any significant increase in domestic consumption of cotton. It will, in fact, jeopardize the industry's market among the institutions and families that would be receiving free mattresses, blankets, and sheets.

When the time comes to request a separate vote on any amendment, I shall demand a separate vote on this amendment, and I trust the House in reconsidering this matter, in view of the information it has on the whole problem, will reject the amendment, go ahead with the basic purpose of the bill as reported by the Committee on Agriculture of the House, and get it over to the Senate for action.

Mr. COOLEY. Mr. Chairman, I move to strike the last two words.

Mr. Chairman, if I might temporarily divorce myself from my position as chairman of the Committee on Agriculture, I would like to speak as a mere Member of the House in favor of the amendment which was adopted, and to which the gentleman from Illinois has just referred.

Basically, this amendment is perfectly sound and I cannot see any reason why we are willing to give cotton and other fibers to all the needy of the universe and deny it to our own needy people in this country. Under the law we make available to all of our needy people the entire amount of food we have in storage and we have adopted an amendment here today which does not seem to be very controversial making this food available to prisoners, to people who have committed infamous crimes and are now incarcerated. We make food available to orphanages and mental institutions. Now, the only proposition here is to make some cotton available to the poor people in America who just cannot afford to buy cotton goods.

Now, the situation could never arise as has been indicated by the speaker who just preceded me, that the market for American textiles would be taken over by the Federal Government as the result of this amendment. That is not true at all, because the only person that would be eligible for this raw cotton would be some poor person who has been certified as eligible.

Now, in the State of Pennsylvania alone we are told that there are 611,000 people that cannot even buy food. Now, if they cannot buy food, how can they afford to buy mattresses for their children to sleep on or a cheap blanket to keep them warm in the wintertime? Now, we are being generous with everybody on earth except with our own people. I grant you that we are not going to get rid of an awful lot of cotton as the result of this, but we will get rid of some. The relief aspects have more appeal to me than the economic values involved. I submit it is a good amendment and it should be put into operation. We had a similar program to this back in the days of the depression, and I have seen people in my own little town take these mattresses with deep gratitude, people that had been sleeping on shucks and straw. What is wrong with having a mattress to sleep on and a blanket to keep them warm?

Now, you say it is going to cost $100 a bale. It is not going to cost that; I do not think it will cost over $75 a bale to give it away under the old mattress program. It costs $70 a bale to put our cotton in the foreign export market under a subsidy program, and as the result of that subsidy program it has cost the taxpayers of America $535 million in the last 18 months, and this program certainly could not approach any such sum as that.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Could a southern Congressman from south Pittsburgh ask why, this being a bill for the disposal of surplus agricultural commodities, and cotton is a surplus agricultural commodity, cotton should be discriminated against?

Mr. COOLEY. Well, that is it. It is just the idea that somebody has proposed here. Now, I am frank to say that we have bills before our committee providing for this very program, but we cannot pass this sort of a program over Presidential veto. We cannot pass it, perhaps, with Mr. Benson's objection out of our committee. But I know one thing: The President of the United States will not find this amendment so obnoxious that he will veto this bill. I do not think anybody would be foolish enough to even suggest the possibility of a veto. It is just the idea that we want to be generous with everybody else in kingdom come except our own people.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Connecticut.

Mr. MORANO. Was not this amendment adopted in the Committee of the Whole?

Mr. COOLEY. Certainly; but the gentleman from Illinois said he would demand a separate vote. I hope the committee will vote to keep this amendment.

Mr. McGOVERN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will not use all the 5 minutes. I had intended to offer an amendment at this point, but I am withdrawing it lest it further complicate the passage of this fine bill which provides for the constructive use of American farm surpluses. The amendment that I had planned to offer contains a concept that I hope will in the near future become a part of Public Law 480. I am referring to the extension of that program to give greater assistance to the voluntary agencies that have done such a wonderful job of implementing the program to date.

Now, under the present provisions of the law, it is possible for Public Law 480 surplus foods to be used by the voluntary agencies, by religious and humanitarian and charitable organizations, in the distribution of food abroad. These agencies are carrying on that function with great credit to themselves and to the tremendous advantage of America's relations abroad. Last year alone private American agencies distributed more than 1 billion pounds of surplus food.

But we have not yet seen fit to grant authority to these same voluntary agencies to use Public Law 480 funds for carrying on medical work, the training of practical nurses and medical personnel, the carrying on of educational programs, and other humanitarian activities that have been so important a part of our efforts to assist our brothers in other countries.

I think we have reached a point, in terms of some of the basic things that we are trying to achieve in American foreign policy, where we ought to give much greater attention than we have thus far to the tremendous role that these private voluntary agencies can play. The best conceived foreign-aid programs under the sponsorship of our Government have oftentimes been misinterpreted by foreign countries as evidence on our part of a desire to control their economies or to dictate to them politically. But no such objection has ever been raised to aid programs carried on by religious organizations or by charitable or humanitarian groups from this country. The peoples of the world know that the religious institutions of America and our charitable and philanthropic organizations are motivated only by their belief in the dignity and brotherhood of man.

I hope that in the very near future the Committee on Agriculture and the Congress itself will see fit to extend this Public Law 480 program so that we can make greater use of the facilities and the personnel provided by our great voluntary agencies.

Mr. ZABLOCKI. Mr. Chairman, I rise in support of H. R. 6974, the bill to extend the Agricultural Trade Development and Assistance Act of 1954.

This legislation was enacted by Congress to aid in disposing of our surplus agricultural commodities through various means calculated to bring some permanent benefits to our entire Nation.

These means include the sale of our surplus agricultural commodities for foreign currency, barter, and domestic and foreign donations.

There is no doubt but that this legislation has been of tremendous assistance in aiding to reduce our vast stock of surplus agricultural commodities. United States farm exports, for instance, increased with the help of this legislation from approximately $3 billion in fiscal 1954 and fiscal 1955 to an estimated $4.5 billion in the current fiscal year. I am confident that, with the continuation of this program, we will be able to make an even more impressive record in the year to come.

These export gains are needed to help us solve our agricultural surplus problem. According to the recent annual report of the Secretary of Agriculture, the Commodity Credit Corporation has between $8 billion and $9 billion tied up in supporting the prices of agricultural commodities. During the last fiscal year, the CCC's net realized program losses amounted to almost $1 billion.

Surely it is good sense on our part to stimulate the export of agricultural surplus and to work for a reduction in the huge surpluses which are crowding all available storage facilities and depressing the overall agricultural situation.

I believe that the program which the legislation before us proposes to extend has proved to be useful and constructive. We should continue it, and, I for one, am strongly of the opinion that the legislation merits our active support.

Mr. GEORGE. Mr. Chairman, needless to say, I was extremely disappointed

in the action taken by the Public Works Subcommittee of the Appropriations Committee, in deleting an item of $85,000 for final planning on the Elk City—Table Mound—Dam and Reservoir project.

When I checked with members of the subcommittee, I discovered that the information supplied to members of this committee by the staff inadvertently had this project listed as a new start, which was not true, as it was an appropriation to complete planning; $165,000 had previously been allocated by your committee for this project.

When your committee established the policy of no new starts in considering the budget for fiscal year 1958, and when the membership glanced down to the Elk River project and saw it listed as a new start, no question was raised when writing up the final bill, as to the deletion of this item.

It seems to me that this project was the victim of an unfortunate error in the preparation of the worksheet, and I hope that when your conferees meet with the Senate conferees in the finaling out of this bill, consideration will be given to the error that has been made, and that the error will be rectified.

I have been reliably informed by numerous members of your committee that it always has been customary to pass the final appropriations for planning on projects that are as far along as this one, without controversy.

Again, I wish to state I hope that this error may be rectified in your conference with the Senate conferees, so that equal treatment may be granted by your committee to the people of the Third Congressional District of Kansas, that has been extended to other sections of the United States.

This $85,000 is to complete planning of the Elk City—Table Mound—Dam and Reservoir project. It is not for a new start as $165,000 for planning has already been appropriated and spent.

Mr. DONOHUE. Mr. Chairman, with deepest appreciation and respect for the most earnest and sincere motives of our distinguished colleague, the gentlewoman from New York, who so conscientiously and capably fulfills her legislative responsibilities, I am nevertheless impelled to speak and vote against this proposed amendment designed to provide for Congressional determination of friendly nations, under the language of this bill.

In my studied judgment, the dangers of disastrous and unjust discrimination, inherent and inevitable, in the provisions of this amendment make it most doubtful and uncertain that it would work out in the wholesome and patriotic manner I know is sincerely envisioned by the gentle lady.

For instance it could, and very probably would, develop that the courageous and long-suffering people of Poland, currently in such desperate need of even basic foods, might be determined ineligible to participate in and benefit from this surplus-commodity distribution and exchange program.

While it is true that Poland is now within the Soviet orbit it is just as true, as their great history demonstrates, that the Polish people will never succumb to attempted Communist infusion of principle and philosophy based on atheistic godlessness. The Polish people have valiantly and continuously opposed and refused to bend under the iron heel of cruel and ruthless Russian tyranny for over 36 years and they will never surrender their Christian heritage to the Kremlin leaders or any other oppressor. The blessed beliefs in individual dignity, liberty, and allegiance to the Almighty burn brightly in the hearts and minds of all Poles and they will forever.

This country and the Free World is under enormous debt to heroic Poland and it would be most unwise to unwittingly provide evidence upon which a mistaken impression could be generated that we were abandoning or neglecting their continuing basic welfare. While there is some element of gamble in this situation it is a gamble on the side of the good Polish people and the divine providence that watches over them and all of us. There is no doubt that the Polish people are our ally. There is no gamble in this Nation and the Free World doing everything within reason to maintain and encourage the high spirit and unparalleled fortitude of the Polish people to fight on against Communist imperialism to the blessed day when she will regain her freedom and independence; please God may that day not be distant.

The CHAIRMAN. There being no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. COOPER) having resumed the chair, Mr. HAYS of Arkansas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6974) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, had directed him to report the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask for a separate vote on the cotton-mattress amendment adopted yesterday in Committee of the Whole.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER pro tempore. The Clerk will report the amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. THOMPSON of Louisiana: Page 2, following line 3, add the following new section:

"SEC. 2. The Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new section:

"'SEC. 306. (a) The Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest, to donate raw cotton, and mattress ticking, sheeting, and blanketing made of cotton, to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in assisting needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served.

"'(b) The Secretary, before making any donations under this act, shall obtain such assurances as he deems necessary that—

"'(1) such raw cotton and such cotton products will be used by the recipient agency in a program under which such cotton and cotton products will be processed into finished mattresses, sheets, and blankets and distributed among needy persons,

"'(2) the recipients of such raw cotton and such cotton products will not diminish their normal expenditures for cotton and such cotton products by reason of such donation.

"'(c) (1) In order to facilitate the appropriate disposal of such raw cotton and cotton products, the Secretary may from time to time announce the quantity thereof which will be available for distribution.

"'(2) The Commodity Credit Corporation may pay, with respect to cotton and cotton products disposed of under this act, the cost of acquiring such commodities (unless procured from the stocks of such Corporation), and the cost of reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency.

"'(3) For the purposes of this act, the terms "State" and "United States" include the District of Columbia, Puerto Rico, and each Territory or possession of the United States.'"

The SPEAKER pro tempore. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN), there were—ayes 79, noes 121.

Mr. THOMPSON of Louisiana. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the amendment was rejected.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

Mr. THOMPSON of Louisiana. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] Two hundred and thirty-seven Members are present, a quorum.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. MASON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. MASON. I am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman qualifies. The Clerk will report the motion of the gentleman from Illinois to recommit the bill.

The Clerk read as follows:

Mr. MASON moves that the bill be recommitted to the Committee on Agriculture.

Mr. COOLEY. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 345, nays 7, not voting 81, as follows:

[Roll No. 119]

YEAS—345

Abbitt	Devereux	Kitchin
Abernethy	Dies	Knox
Adair	Dingell	Laird
Addonizio	Dixon	Landrum
Albert	Donohue	Lanham
Alexander	Dorn, N. Y.	Lankford
Allen, Calif.	Dowdy	Latham
Allen, Ill.	Doyle	Lennon
Andersen, H. Carl	Dwyer	Lesinski
	Elliott	Lipscomb
Anderson, Mont.	Engle	Long
	Evins	McCarthy
Andresen August H.	Fallon	McCulloch
	Fascell	McDonough
Andrews	Feighan	McFall
Arends	Fenton	McGovern
Ashley	Flood	McGregor
Ashmore	Flynt	McIntire
Aspinall	Fogarty	McMillan
Auchincloss	Forand	McVey
Avery	Ford	Macdonald
Baker	Forrester	Mack, Ill.
Baldwin	Fountain	Mack, Wash.
Baring	Frazier	Madden
Barrett	Frelinghuysen	Magnuson
Bass, N. H.	Friedel	Mahon
Bass, Tenn.	Fulton	Mailliard
Bates	Garmatz	Marshall
Becker	Gary	Martin
Beckworth	Gathings	Matthews
Belcher	Gavin	May
Bennett, Fla.	George	Meader
Bennett, Mich.	Gordon	Merrow
Bentley	Granahan	Metcalf
Berry	Gray	Michel
Betts	Green, Oreg.	Miller, Calif.
Boggs	Green, Pa.	Miller, Md.
Boland	Gregory	Miller, Nebr.
Bolling	Griffin	Miller, N. Y.
Bolton	Griffiths	Mills
Bosch	Gross	Minshall
Boykin	Gubser	Moore
Boyle	Gwinn	Morano
Bray	Hagen	Morgan
Breeding	Hale	Morris
Brooks, La.	Haley	Morrison
Brooks, Tex.	Halleck	Moss
Broomfield	Harden	Moulder
Brown, Ga.	Hardy	Multer
Brown, Mo.	Harris	Mumma
Brown, Ohio	Harrison, Nebr.	Natcher
Brownson	Harrison, Va.	Neal
Broyhill	Harvey	Nicholson
Budge	Haskell	Nimtz
Burleson	Hays, Ark.	Norblad
Bush	Hays, Ohio	Norrell
Byrd	Hemphill	O'Brien, Ill.
Byrne, Ill.	Henderson	O'Hara, Ill.
Byrne, Pa.	Heselton	O'Konski
Byrnes, Wis.	Hess	Osmers
Canfield	Hiestand	Ostertag
Cannon	Hill	Passman
Carnahan	Hoeven	Patman
Carrigg	Holifield	Pelly
Chamberlain	Holland	Perkins
Chelf	Holmes	Pfost
Chenoweth	Holt	Philbin
Chiperfield	Horan	Pilcher
Christopher	Hosmer	Pillion
Chudoff	Huddleston	Poage
Church	Hull	Poff
Clevenger	Hyde	Polk
Coad	Ikard	Porter
Coffin	Jackson	Preston
Cole	Jarman	Price
Cooley	Jenkins	Prouty
Cooper	Jennings	Rabaut
Corbett	Jensen	Radwan
Cramer	Johnson	Ray
Cretella	Jonas	Reece, Tenn.
Cunningham, Iowa	Jones, Ala.	Reed
	Jones, Mo.	Rees, Kans.
Cunningham, Nebr.	Judd	Reuss
	Karsten	Rhodes, Ariz.
Curtin	Kean	Rhodes, Pa.
Curtis, Mass.	Kearns	Riehlman
Dague	Kee	Riley
Davis, Ga.	Keeney	Roberts
Dawson, Utah	Kelley, Pa.	Robsion, Ky.
Delaney	Kilburn	Rodino
Dempsey	Kilday	Rogers, Colo.
Dennison	Kilgore	Rogers, Fla.
Denton	King	Rogers, Mass.
Derounian	Kirwan	Rogers, Tex.
Rooney	Springer	Van Zandt
Roosevelt	Staggers	Vinson
Rutherford	Stauffer	Vorys
St. George	Steed	Wainwright
Saylor	Sullivan	Watts
Schenck	Taber	Weaver
Schwengel	Talle	Westland
Scott, N. C.	Teague, Calif.	Whitener
Scrivner	Tewes	Whitten
Scudder	Thomas	Widnall
Seely-Brown	Thompson, La.	Wier
Selden	Thompson, N. J.	Wigglesworth
Shelley	Thompson, Tex.	Williams, N. Y.
Shuford	Thomson, Wyo.	Willis
Sieminski	Thornberry	Wilson, Ind.
Siler	Tollefson	Winstead
Simpson, Ill.	Trimble	Wolverton
Simpson, Pa.	Tuck	Wright
Sisk	Udall	Yates
Smith, Miss.	Ullman	Young
Smith, Va.	Utt	Younger
Smith, Wis.	Vanik	Zablocki
Spence	Van Pelt	

NAYS—7

Alger	Kelly, N. Y.	Smith, Kans.
Hoffman	Mason	
Johansen	Smith, Calif.	

NOT VOTING—81

Anfuso	Durham	Murray
Ayres	Eberharter	O'Brien, N. Y.
Bailey	Edmondson	O'Hara, Minn.
Barden	Farbstein	O'Neill
Baumhart	Fino	Patterson
Beamer	Fisher	Powell
Blatnik	Grant	Rains
Blitch	Healey	Rivers
Bonner	Hébert	Robeson, Va.
Bow	Herlong	Sadlak
Bowler	Hillings	Santangelo
Buckley	Holtzman	Saund
Burdick	James	Scherer
Cederberg	Kearney	Scott, Pa.
Celler	Keating	Sheehan
Clark	Keogh	Sheppard
Collier	Kluczynski	Sikes
Colmer	Knutson	Taylor
Coudert	Krueger	Teague, Tex.
Curtis, Mo.	Lane	Teller
Davis, Tenn.	LeCompte	Vursell
Dawson, Ill.	Loser	Walter
Dellay	McConnell	Wharton
Diggs	McCormack	Williams, Miss.
Dollinger	McIntosh	Wilson, Calif.
Dooley	Machrowicz	Withrow
Dorn, S. C.	Montoya	Zelenko

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Taylor.
Mr. Keogh with Mr. Keating.
Mr. Buckley with Mr. Baumhart.
Mr. Walter with Mr. Vursell.
Mr. Anfuso with Mr. Sheehan.
Mr. Rains with Mr. O'Hara of Minnesota.
Mr. Holtzman with Mr. Collier.
Mrs. Blitch with Mr. Coudert.
Mr. Colmer with Mr. Dellay.
Mr. Santangelo with Mr. Dooley.
Mr. Dorn of South Carolina with Mr. Beamer.
Mr. Bonner with Mr. James.
Mr. Bailey with Mr. Wharton.
Mr. Farbstein with Mr. Scott of Pennsylvania.
Mr. Durham with Mr. Sadlak.
Mr. Zelenko with Mr. McIntosh.
Mr. Healey with Mr. McConnell.
Mr. Machrowicz with Mr. Bow.
Mr. Teller with Mr. Cederburg.
Mr. Powell with Mr. Fino.
Mr. Dawson of Illinois with Mr. Ayres.
Mr. Celler with Mr. Kearney.
Mr. Bowler with Mr. Krueger.
Mr. Clark with Mr. Curtis of Missouri.
Mr. Dollinger with Mr. Patterson.
Mr. O'Neill with Mr. Scherer.
Mr. Kluczynski with Mr. Withrow.
Mr. Sheppard with Mr. Wilson of California.
Mr. Williams of Mississippi with Mr. Burdick.
Mr. Blatnik with Mr. LeCompte.
Mr. Loser with Mr. Hillings.

Mr. HOFFMAN changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ALGER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ALGER. Mr. Speaker, I regret that so few share my disapproval of this bill. This in no way lessens my objection. There are other ways of disposing of our agricultural surplus besides giving it away. There are other means to provide for our needy. I too believe we must dispose of the surpluses and help those less fortunate.

I hold simply that it is not the role of the Federal Government to feed, clothe or house our citizens or citizens of other nations. This is socialism; this is flagrant disregard for traditional constitutional government, United States style; this is flagrant disregard for States rights through asserting Federal prerogatives. Therefore, I oppose the bill.

CONTINUING IN EFFECT HOUSE RESOLUTION 190 AND HOUSE RESOLUTION 386, 83D CONGRESS

Mr. WILLIS. Mr. Speaker, I offer a privileged resolution (H. Res. 21) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That effective from January 3, 1957, the provisions of House Resolution 190, 83d Congress, agreed to March 26, 1953, and House Resolution 386, 83d Congress, agreed to August 1, 1953, are continued in effect.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. WILLIS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. WILLIS. Mr. Speaker, in 1953, certain members, former members, and employees of the Un-American Activities Committee of the House of Representatives were named as defendants in the case of Wilson, et al., against Loew's, Inc., et al.

This proceeding contained 23 separate causes of action brought by 23 persons against certain motion-picture companies, their executives and certain members, former members, and employees of the Committee on Un-American Activities. The plaintiffs sought recovery of damages, both actual and punitive, to the extent of $2,250,000, or a grand total of $51,750,000 for all.

The complaint in the above-entitled suit alleged a conspiracy on the part of all the defendants and alleged also that the members of the committee had acted both in their official capacity with relation to the said House Un-American Activities Committee and individually in nonofficial capacities. Under House Resolution 190, the Committee on the Judi-

ciary under its then chairman, the late Mr. Reed, of Illinois, appointed a subcommittee to carry out the authorized study and investigation. The subcommittee then retained Guy Richard Crump, Esq., of Los Angeles, Calif., as counsel to represent the members and former members of the Un-American Activities Committee, as well as the staff who had been named defendants in the case. Prior thereto, the defendant members of that committee and its staff had been ably represented by Slate & Sawtelle, also of Los Angeles, Calif., who were continued in the case as associate counsel by authorization of the subcommittee of the Committee on the Judiciary.

On August 1, 1953, the House passed House Resolution 386 which continued the authority contained in the earlier House Resolution 190 and further authorized the Committee on the Judiciary to arrange for the defense of members, former members, and employees of the Committee on Un-American Activities in any suit thereafter brought against such individuals. Both resolutions also authorized the Committee on the Judiciary to incur all necessary expenses for the purposes authorized, including such items as expenses of travel and subsistence, employment of counsel and other persons to assist it and also, if deemed advisable by the Committee on the Judiciary or a subcommittee, to employ, counsel to represent any and all members of the House Committee on Un-American Activities who might be named as party defendants in any such action or actions. This, of course, included the case of Michael Wilson, et al., against Loew's Inc., et al. The payment of these expenses were to be made from the contingent fund of the House of Representatives on vouchers authorized by the Committee on the Judiciary and signed by the chairman thereof and approved by the Committee on House Administration.

As a result of the representation of the attorneys retained as counsel for these members, former members, and employees, the circuit court of Los Angeles County set aside the summonses and subpenas that were issued upon the nonresidents of the State of California. The subpenas against Messrs. Doyle and Jackson were recalled and quashed but the service of summons was held valid. As to the defendant Wheeler, an employee of the committee, both the summons and subpena were ruled valid. This action took place after a special appearance had been entered on behalf of the House defendants and a motion had been made to set aside and quash subpenas and depositions.

On July 9, 1954, demurrer filed by the defendants to the complaint was sustained. Plaintiffs thereupon filed an amended complaint to which the defendants again demurred and were sustained. On September 16, 1954, plaintiffs appealed from that ruling. On that appeal briefs were filed and oral argument held in the district court of appeals, the second appellate district in the State of California. Those involved in the appeal were Messrs. Doyle, Jackson, and Wheeler. That court affirmed the judgment of the superior court sustaining the demurrers and dismissing the complaint.

Petition was then filed with the Supreme Court of the State of California, but the petition was denied.

On November 5, 1956, a petition for writ of certiorari was filed in the Supreme Court of the United States. Briefs were submitted by all parties, including one by the American Civil Liberties Union, southern California branch, as amicus curiae. On January 21, 1957, the petition for the writ of certiorari was granted. The matter is now pending before the Supreme Court of the United States.

To date counsel has been paid fees in the sum of $2,550 to Mr. Crump, which entails services rendered for 17 days, at $150 per day, and the sum of $2,500 to Slate & Sawtelle for legal services rendered of 136 hours, plus $96.36 for out-of-pocket expenses, making a total of $2,596.36.

Since the above payment, Mr. Crump has submitted an additional bill for the sum of $1,746.45 for services and out-of-pocket expenses on an appeal, covering the period from September 1, 1955, to November 1, 1956. These expenses are broken down as follows:

Legal services for 11 days, at $150 per day	$1,650.00
Printing respondents' brief	96.45

It is expected that additional moneys will be necessary to pay for the legal services which will be rendered in connection with the case now pending before the Supreme Court of the United States. In order that these legal fees and expenses may be paid and also subsequent fees, it is necessary that this resolution be favorably approved. This is due to the fact that the authority to retain these attorneys and to pay them from the contingent fund of the House expired at the termination of the 84th Congress.

Therefore, the Committee on the Judiciary recommends favorable enactment of House Resolution 21.

FOOD-STAMP PLAN TO DISTRIBUTE SURPLUS FOOD

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mrs. SULLIVAN. Mr. Speaker, I was on my feet seeking recognition in order to offer a motion to recommit H. R. 6974 before the passage a few moments ago of that bill extending Public Law 480, but could not get recognition because, under the rules of the House, the minority party has priority in offering motions to recommit. Had I been recognized, I intended to offer a motion to recommit the bill to the Committee on Agriculture with instructions to report the bill back forthwith with an amendment establishing the food-stamp plan to distribute our surplus food to needy people on the relief rolls in this country. I am extremely sorry this was not accomplished in this bill. I have reservations about the bill because of this omission. Nevertheless, I voted for the passage of the bill, because I feel we must continue authority now expiring for the programs it does cover.

GENERAL LEAVE TO EXTEND REMARKS

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed, H. R. 6974.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6500) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1958, and for other purposes.

The message also announced that the Senate recedes from its amendment No. 1 to the above-entitled bill.

GOVERNMENT SPENDING VERSUS GOVERNMENT BUDGET

Mr. McGREGOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McGREGOR. Mr. Speaker, for several weeks we have been discussing Government spending versus Government budget. We cannot blame the Appropriations Committee for appropriating the money when we, who are Members of Congress and are members of legislative committees, authorize that appropriation. I believe we should assume our responsibility and, if we want to cut down expenditures which are not absolutely essential and necessary to the welfare of our country, vote no when unnecessary subjects and projects are presented to us for authorization.

The records will show that I have voted consistently for reduction in expenditures, except where our expenditures are necessary for our welfare and the protection of our freedoms. The foreign aid bill will again soon be on the floor of Congress for our consideration. Although I am not a member of the Foreign Affairs Committee which handles this legislation, I sincerely hope that the Committee will carefully scrutinize and analyze, yes, with a "fine-tooth comb," every request and every expenditure for foreign aid. I firmly believe that in this period of high taxes, high living costs,

and large national debt we should hold financial aid to foreign lands at a minimum, if at all. We have many people in this country who are finding it hard to pay taxes, raise a family, and maintain a living standard which our freedoms grant to us.

I cannot help but make the observation that some people in foreign lands will "sit in the shade" as long as we continue to give them handouts. It seems ridiculous to me that this great Nation, which is in debt more than any other, should continue to give finances to those countries which are in debt the least.

JOINT COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. SMITH of Virginia. Mr. Speaker, I call up the concurrent resolution (H. Con. Res. 172) to establish a joint congressional committee to investigate matters pertaining to the growth and expansion of the District of Columbia and its metropolitan area and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That there is hereby established a joint congressional committee to be composed of the members of the Committee on the District of Columbia of the Senate and the members of the Committee on the District of Columbia of the House of Representatives. The joint committee shall select a chairman and a vice chairman from among its members. A majority of the joint committee shall constitute a quorum except that a lesser number, to be fixed by the joint committee, shall constitute a quorum for the purpose of administering oaths and taking sworn testimony.

SEC. 2. The joint committee, or any duly authorized subcommittee thereof, shall examine, investigate, and make a complete study of any and all matters pertaining to (a) the problems created by the growth and expansion of the District of Columbia and its metropolitan area, (b) how and with what degree of success such problems are handled and resolved by the various agencies and instrumentalities of the Government which are charged with the duty of resolving such problems, and (c) how the resolution of such problems is affecting the affairs of the District of Columbia. The joint committee shall report its findings, together with its recommendations for such legislation as it deems advisable, to the Senate and the House of Representatives at the earliest practicable date, but not later than January 31, 1958. Upon the submission of such report, the joint committee shall cease to exist and all authority conferred by this resolution shall terminate.

SEC. 3. The joint committee, or any duly authorized subcommittee thereof, is authorized to sit and act at such places and times within the United States, to hold such hearings, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony as it deems advisable.

SEC. 4. The joint committee shall have power to employ and fix the compensation of such experts, consultants, and other employees as it deems necessary in the performance of its duties.

Mr. SMITH of Virginia. Mr. Speaker, I think the language of the resolution explains it. I know it is not at all controversial. The author of the bill is the gentleman from Maryland [Mr. HYDE] and he is more competent to explain the provisions of the resolution than I am. I favor the resolution and I would like to yield to the gentleman from Maryland [Mr. HYDE] for an explanation of its purposes such time as he may desire.

Mr. HYDE. Mr. Speaker, I thank the gentleman from Virginia for yielding me time to explain this resolution. As the gentleman from Virginia has just stated, there is no controversy regarding this resolution so far as I know. It received the unanimous support of the Committee on Rules and has also been studied by the House Committee on the District of Columbia. That committee unanimously stated that it had no objection to the resolution. Moreover, it has the support of the Commissioner of the District of Columbia, the Washington Board of Trade, and all local planning groups. What it does, as we will see from reading it, is simply to establish a joint committee of the Congress to study problems created by the growth and expansion of the District of Columbia and its metropolitan area.

Actually it is an investigation and study that is of the utmost importance, because it involves one of the most serious crises facing America today, and that is the crisis created by urbanization.

As a matter of fact, this resolution was suggested by a number of things that have occurred this past year. This past winter a meeting of the National Planning Association called for a 10-year program for the metropolitan areas of the country. I understand also that the association suggested a White House conference on this subject because of its serious importance.

All of you, I am sure, are aware of the tremendous expansion of metropolitan areas, actually since World War II. The urban centers of many of our great cities are becoming obsolete.

The problems that should be studied involve traffic strangulation, slum areas, mass transportation systems, schools, recreational areas, hospitals, streets, water supply, sewers, air pollution, flight plans, and social aggravations, and so forth.

In other words, the purpose of this committee will be to make a study of all these serious problems and how these problems should be met and to study how the different political jurisdictions involved in these great metropolitan areas are coping with these problems.

When we first considered the drafting of this resolution it was thought that we should have a joint committee to study urbanization throughout the United States, but then it was thought that we might get more definitive answers of real value in trying to solve the problem if we confined the study to just one particular metropolitan area; and, of course, the most logical place for a joint committee of Congress to make the study is the metropolitan area of the District of Columbia.

That, Mr. Speaker, briefly, is the purpose of this resolution to establish this committee to make this study.

A good deal of the work that such committee might do has already been done and will have been completed this fall. You will recall, of course, that this Congress provided for a mass transportation study. That study will be completed this fall, I understand, and, of course, that will all be available to this committee. Several of the committees have done a good deal of work. So quite a lot has already been done, but there remain many other problems to be studied other than that of mass transportation, and unless we can make a thorough study of the problem and come to some definitive answers it is going to be more difficult in the future to meet it, we will come to a problem so aggravated that it will create chaos.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HYDE. I yield.

Mr. GROSS. Is there any presently existing committee or commission that can study this problem without creating a whole new staff of consultants, experts, and so on and so forth?

Mr. HYDE. No, there is not. The answer is "No."

Mr. GROSS. What is it going to cost?

Mr. HYDE. We do not know, but it is a study of a problem, I would say to the gentleman from Iowa, that we cannot afford to put off; in fact, we are all familiar with the chaos that now exists in many areas as the result of the explosion of our urban centers. Different political jurisdictions within the same metropolitan areas acting without common direction present a situation that should be handled in some joint way and on some cooperative basis.

Mr. GROSS. Mr. Speaker, will the gentleman yield further?

Mr. HYDE. I yield.

Mr. GROSS. Who is going to pay for this? Is this going to be paid out of the Treasury or what is the story?

Mr. HYDE. The money will be provided by the Committee on House Administration just as is the case with other joint committees of Congress.

Mr. GROSS. So it is coming out of the Federal Treasury.

Mr. HYDE. That is correct.

Mr. GROSS. It is going to serve the metropolitan area which means, of course, that it will include Maryland and Virginia. Is that not correct?

Mr. HYDE. Oh, yes.

Mr. GROSS. Are they going to make any contribution to this?

Mr. HYDE. No.

Mr. MULTER. Mr. Speaker, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from New York.

Mr. MULTER. I am pleased to associate myself with what the gentleman has said in favor of this resolution. It may be true that the surrounding area in Virginia and Maryland may benefit ultimately from this but benefits will come to all the taxpayers of the country and the various communities at taxpayers' expense. This is a study that is long past due. I am sure benefits will be developed that can be obtained for the entire community and the country because this is the capital of the United States and this will redound to the benefit of all the taxpayers who, incidentally, must pay for the cost of the study. We in the Congress will have the right to say how much will be spent before this

committee can operate. After we pass this resolution, the Committee on House Administration will present a resolution and you will have the opportunity then to say what should be spent.

Mr. HYDE. I thank the gentleman for his contribution. Actually what we are proposing will serve as a pilot study for the use of urban centers throughout the United States. That is another one of its real purposes.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from California.

Mr. MILLER of California. I want to congratulate the gentleman and ask for the adoption of this resolution. I invite his attention and those of you who are interested in the problem, and all of us who come from metropolitan areas must be, to a statement I put in the RECORD which was a reprint from an article that included an interview with Professor Robsion, of the University of London, who is an exchange professor at the University of California, an authority on these matters. He stated that the same thing applies here as applies to a mess of Balkan States. That is that these subdivisions are going off in different directions. It is one of the greatest problems that confronts the people of this country today. I think it is a fine thing to have the Nation's Capital as a testing ground for these investigations.

Mr. HYDE. I thank the gentleman.

Mr. RABAUT. Mr. Speaker, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Michigan.

Mr RABAUT. I thank the gentleman. I want to know how much duplication there is going to be in this investigation. The Committee on Appropriations has made 3 or 4 investigations during this past year, upon which considerable money has been spent. I notice the gentleman states something about hospitals. We just had an investigation of the hospitals in the District. We have had an investigation of welfare conditions in the District, and we have had an investigation of the schools of the District. Is this going to be a complete duplication?

Mr. HYDE. No.

Mr. RABAUT. Further, the District of Columbia is in no way different from any other big city of this country. The city of Detroit, for instance, has had a city the size of Pittsburgh built around its perimeter. These are facts. It is not going to be built; it is built now. The District Commissioners stated before our committee that one of the problems is that business is going just outside the District lines with these new big department stores. The same thing has happened in Detroit.

Mr. Speaker, I do not think that the general public of the United States ought to pay for an investigation that deals with two States and the District of Columbia. The amount of it that should be paid ought to be about one-fourth by the District, one-fourth by the Federal Government, one-fourth by Virginia, and one-fourth by Maryland. Years ago somebody established a high-water line over there in Virginia. The person who did it was a smart one. We have been paying for bridges across the river ever since because it is in the territory of the District of Columbia. I do not think it is right.

Mr. HYDE. The purpose of this study is not to study the welfare system of the District of Columbia or to study hospitals or a hospital program in the District of Columbia.

I think I can best explain it and its benefit to the Nation as a whole in this fashion by quoting a statement put out by the National Planning Association:

> If Americans continue to stumble into future developments in and around the rapidly expanding metropolitan areas on the basis of thousands of separate and unrelated private development schemes and local plans, and if they deal separately with highways, with schools, with housing, and with hospitals, they are likely to misdirect their efforts and waste their time and resources. And what happens to the future requirements for open spaces and recreation, or any other need which happens not to be powerfully represented by an interest group at a given moment of decision?

In other words, may I say that the purpose of this is to study how these problems are being handled by the different political jurisdictions and how they best may be handled on a cooperative and coordinated basis. It is a much different proposition, may I say to the gentleman, than studying a particular welfare system or a particular hospital. As I tried to point out several times, the purpose and hope of this is that it will be of benefit to the entire United States.

When we first thought about establishing this joint committee, it was thought first to study the problem of urbanization throughout the United States, but then it was felt that more definitive answers, better results, could be obtained by studying a particular problem and that it would serve as a guide for other great metropolitan areas.

Mr. RABAUT. Mr. Speaker, will the gentleman yield further?

Mr. HYDE. I yield to the gentleman from Michigan.

Mr. RABAUT. I appreciate the gentleman's interest in it, and there is much truth to what he says; but do you think that every big city in this country has been standing idly by while these developments are going on all around?

Mr. HYDE. No.

Mr. RABAUT. They are all putting through superhighways in their cities, building them on less valuable ground, steering them in a direction so as to avoid big buildings, and so forth. I think there is a tremendous amount of duplication going to take place here.

Mr. HYDE. I would say to the gentleman certainly there have been cities in this country which are doing a tremendous job. My attention was just called by the gentleman from Pennsylvania [Mr. FULTON] to the great job that was done in the Pittsburgh area in connection with this urbanization problem. New York is studying it on a regional basis. The District of Columbia has established a regional council for the purpose of getting together the political leaders, the officeholders of the various jurisdictions for meeting regularly to consult with regard to these mutual problems. This plan is to make a study to act as a guide to these areas as to how best to handle these mutual problems that are now being handled on a separate political basis, and in many, many areas on a basis that is creating chaos, losing recreational areas, and that sort of thing.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Since the city of Pittsburgh has been mentioned, I might say that the city of Pittsburgh has a city the size of it outside of its own borders. We have had a redevelopment authority for some time, and we have worked across party lines to redevelop. I can see no objection to this resolution that has been suggested, and I hope it passes, just as it has been brought before us.

Mr. YOUNGER. Mr. Speaker, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from California.

Mr. YOUNGER. Mr. Speaker, I would like to associate myself with this measure, and I want to call the attention of the House to a bill that I presented 4 years ago for the creation of a Department of Urbaculture. The arguments presented today and the problems of the cities that are growing on us all the time is just water over the mill, and I am glad to associate myself with this particular measure.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Ohio.

Mr. VANIK. Will the gentleman tell me what special reason there is for the subpena power for this kind of a committee? It would seem to me that information of this type should be voluntarily submitted, and I do not offhand see any reason for it. I am sympathetic to the purposes of the resolution, but what are the reasons for the subpena power?

Mr. HYDE. The only reason is that it is the same provision that is put in all resolutions for the establishment of committees of the House and Senate. I do not anticipate any need for the use of it, but it is the same language that is used in all other resolutions establishing committees of the House and Senate.

Mr. VANIK. Would there be any objection to taking it out if there is no special need for it?

Mr. HYDE. Unless there is some special technical reason why it should be there, I hold no particular brief for it.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. LATHAM].

Mr. LATHAM. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JUDD. Mr. Speaker, 8 long months ago the people of Hungary demonstrated in an act of pure nobility

that they simply could not tolerate being compelled to live any longer as something less than human beings. They rose to give the Communist world conspiracy the greatest blow it has ever received. They exposed the falsity of the vaunted boast of the Communists that by indoctrination and controlled education they could produce in human beings the kind of subservient creature they wanted, just as Pavlov could produce in animals the kind of conditioned reflex that he wanted. The world learned with a thrill, and the masters in the Kremlin with terror, that students trained by Communist techniques are in fact, more violently anti-Communist than are people who have not had firsthand experience with its cruelties.

This exposé can give the death blow to Communist propaganda if we exploit it successfully.

You will recall that the United Nations General Assembly passed 10 resolutions condemning the Red aggression and demanding various corrective actions by the U. S. S. R. or the Kadar regime. The United Nations resolutions were defied, ignored, or scorned on every occasion.

So the United Nations Assembly set up a special committee to examine the facts in the situation and report back. On that committee were appointed representatives of Australia, Ceylon, Denmark, Tunisia, and Uruguay. In the last 2 days they have made public their report. It is a devastating indictment—and it is unanimous. Ceylon is one of the leading neutralist countries; Tunisia is a newly independent Arab country. These two groups of countries generally have not gone along with too severe criticisms of the Soviet Union. Their participation in preparing and their endorsement of this report makes all the more eloquent its factual but scathing exposure of the cruelty and the barbarism exhibited by the Soviet Union in Hungary. It is the adequate reply to Mr. Khrushchev's TV program revealing the fakery and bypassing of his peaceful pretenses.

Every Member should read the findings of the United Nations Special Committee as to what the real facts are in a country under communism. Among its conclusions is the following:

A massive armed intervention by one power on the territory of another with the avowed intention of interfering in its internal affairs must, by the Soviet's own definition of aggression, be a matter of international concern.

Mr. Speaker, the United Nations itself is now on trial. What will it do about its own committee's report? The resolution establishing the special committee authorized the President of the United Nations General Assembly to call the Assembly back into session to deal with the report of this special committee. And so today several of us have introduced resolutions calling upon our President to instruct our delegate to the United Nations to press the President of the United Nations General Assembly to call it back into special session immediately to deal with this report on the Hungarian revolution.

The Communists never miss an opportunity to make propaganda even out of the most transparent fakery. Here is an unanswerable indictment of Communist behavior by the official representatives of civilized mankind and we must, for the sake of the truth and to get the facts before those here or abroad who may still be misled or befuddled by Communist propaganda, get this report presented dramatically to the public.

The gentleman from Arkansas [Mr. HAYS] has joined me in introducing the following resolution here and I know other Members will also wish to do so. In the other body a similar resolution is being introduced today by Senator KNOWLAND of California, and Senator DOUGLAS, of Illinois:

Concurrent resolution to express the sense of the Congress that the United States urge reconvening of the General Assembly of the United Nations to consider the report of its Special Committee on Hungary

Whereas the special committee on the problem of Hungary, established by the General Assembly of the United Nations under its resolution 1132 (XI) adopted at its 636th plenary meeting on January 10, 1957, has now submitted a report (A/3592) of its findings to the General Assembly under terms of the said resolution; and

Whereas it has been established by the said special committee that what took place in Hungary in the latter part of 1956 was a spontaneous national uprising caused by longstanding grievances engendered by the oppressive way of life under Communist rule and by the state of captivity of Hungary under control of the U. S. S. R.; and

Whereas, the said special committee concludes that a massive armed intervention by one power on the territory of another with the avowed intention of interfering in its internal affairs, must be a matter of international concern; and

Whereas the General Assembly of the United Nations, by its Resolution 1119 (XI) adopted at its 668th plenary meeting on March 8, 1957, authorized "the President of the General Assembly, in consultation with the Secretary General and with the member states the representatives of which are serving as the General Committee during the session to reconvene the General Assembly as necessary in order to consider further item 66 or 67," item 67 being the problem of Hungary: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the United States Congress that the United States Government instruct the United States delegation to the General Assembly of the United Nations to take urgent steps to recommend the reconvening of the General Assembly at this time to consider further the problem of Hungary in the light of the report of the United Nations Special Committee on the Problem of Hungary.

Mr. Speaker, I should like also to quote a few sentences from the U. N. special committee's report:

What took place in Hungary was a spontaneous national uprising, caused by longstanding grievances.

The uprising was led by students, workers, soldiers, and intellectuals, many of them Communists or former Communists. * * * It is untrue that the uprising was fomented by reactionary circles in Hungary or that it drew its strength from imperialist circles in the West.

The uprising was not planned in advance, but actually took participants by surprise. * * * It would appear that the Soviet authorities had taken steps as early as October 20, to make armed intervention possible.

Mr. Nagy has established that he did not issue any invitation to the Soviet authorities to intervene.

It is incontrovertible that the Nagy government, whose legality under the Hungarian Constitution, until it was dispossessed, cannot be contested, protested against the entry and the use of Soviet forces on Hungarian territory, and not only asked that these forces should not intervene in Hungarian affairs, but negotiated and pressed for their ultimate withdrawal.

Irrespective of the assurances given to Premier Nagy by Soviet political personalities, there existed a definite plan for the reconquest and military subjugation of Hungary. This plan in fact was carried through fully.

It is no less incontrovertible that the Nagy Government was overthrown by force. The successor assumed power as a result of military aid by a foreign state. The Nagy government neither resigned nor transferred its powers to the Kadar government. * * * Strong repressive measures have been introduced and general elections have been postponed for 2 years. * * * (Kadar) refuses in present circumstances to discuss withdrawal of the Soviet troops. * * * Since the second Soviet intervention on November 4 there has been no evidence of popular support for Mr. Kadar's government. * * * Capital punishment is applicable to strike activities.

Mr. ZABLOCKI. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ZABLOCKI. Mr. Speaker, I am happy to join with my colleagues in cosponsoring a concurrent resolution to express the sense of the Congress that our Government, through our delegate to the United Nations, should press for the reconvening of the General Assembly to promptly consider the report of its special committee on Hungary.

The special committee has established that what took place in Hungary in the latter part of 1956 was a spontaneous, national uprising caused by longstanding grievances engendered by the Communist oppression.

The special committee further established, and thoroughly documented, the brutal Soviet intervention in Hungary, and the bloody Soviet suppression of the uprising.

Finally, the special committee concluded that massive armed intervention by one power on the territory of another, with the avowed intention of interfering in its internal affairs, is a matter of international concern.

These findings, included in the report submitted by the special committee, provide ample reason for immediate consideration of this grave matter by the General Assembly.

I believe that the United States ought to, and must, urge prompt reconvening of the General Assembly. The concurrent resolution which I am cosponsoring is intended to further the achievement of this end.

In justice to the heroic stand taken by the people of Hungary, and to their tremendous sacrifice for the cause of freedom, I believe that the free world should not wait even a day in consider-

ing, within the United Nations, the report of the special committee. The time for action is now.

Mr. LATHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Speaker, I ask unanimous consent to speak out of order and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MEADER. Mr. Speaker, I take this time to call attention to a very serious matter involving the Rules of the House of Representatives.

In the Washington Post of yesterday this headline appears: "RAYBURN Will Ban Televised Hearings."

In the Washington Post of this morning this headline appears: "WALTER Scorns RAYBURN's House Rule, Continues Televising His Hearing."

I have today introduced a resolution which will set at rest this continuing controversy over the interpretation of House rules. I am glad the chairman of the Committee on Rules is on the floor, as I want to call this important matter to his attention. My resolution would amend rule XI, 25 (g), by adding a new provision reading as follows:

(2) Each committee may upon such terms and conditions as it deems advisable permit the broadcasting and telecasting of its proceedings by radio and television and the dissemination of news of its proceedings by such methods and by other methods and media of communication.

Let me call attention to the fact that this question first arose in February of 1952 when the Un-American Activities Committee was conducting hearings in the city of Detroit. At that time the distinguished minority leader of the House, Mr. MARTIN, propounded a parliamentary inquiry to the then Speaker, Mr. RAYBURN, concerning the propriety under the Rules of the House of permitting telecasting and broadcasting of the un-American activities hearings in Detroit. At that time Speaker RAYBURN ruled that the Rules of the House being silent on the subject there was no authority in the House or in its committees to permit the telecasting and broadcasting of the committee proceedings.

Subsequently, in the 83d Congress, when the former distinguished minority leader became the Republican Speaker of the House, although there was no formal parliamentary ruling Speaker MARTIN indicated informally that he had no objections and that under the Rules of the House he thought the committees had the right to permit the telecasting and broadcasting of their proceedings in their discretion; and in fact, the committees of the House did permit the telecasting and broadcasting of their proceedings in the Republican 83d Congress.

In January of 1955 when Mr. RAYBURN again became Speaker of the House, early in the session I propounded a parliamentary inquiry on the same subject and the Speaker reaffirmed the position he had taken earlier. In response to the colloquy, in which other Members joined, he even expanded the ruling to include not only television and radio apparatus but also movie cameras and still photography.

I regret that there has been this disagreement between two longtime friends, two outstanding leaders on the Democratic side of the House of Representatives, but I am happy that it has called to the attention particularly of the Rules Committee of the House the kind of situations which can arise when ambiguities in the rules exist.

Since February of 1952 I have sought to have this matter brought before the House of Representatives so that it can be clarified and the House can work its will on its rules and eliminate this ambiguity. Perhaps it was not so serious when it was simply a disagreement between a Republican Speaker and a Democratic Speaker but it has now become a disagreement between one of the foremost constitutional lawyers in this body and a Speaker of long and distinguished experience. When two minds of that distinction disagree, is it not the duty of the Committee on Rules to study this question and settle this ambiguity and decide whether or not the American people are entitled to have this new instrument of learning about the public business available to them in the House as it is in the Senate and in the press conferences of the President?

Mr. ROONEY. Mr. Speaker, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from New York.

Mr. ROONEY. Would the gentleman care to make an expert prognostication of his chances of success in the adoption of his amendment?

Mr. MEADER. I know that I could not succeed without the support of a great many friends like the gentleman from New York, who I am sure does not wish to keep the American people from knowing about the public business.

Mr. Speaker, under permission to include extraneous material, I include the two articles I referred to from the Washington Post and Times Herald and the text of the resolution which I have introduced today.

[From the Washington Post and Times Herald of June 20, 1957]

RAYBURN WILL BAN TELEVISED HEARINGS

(By Frank Eleazer)

Speaker SAM RAYBURN said yesterday he would put a stop to out-of-town televised hearings by the House Committee on Un-American Activities.

RAYBURN said the lid he clamped on broadcasting or televising proceedings of House committees several years ago applies wherever the committees are meeting.

He expressed surprise at reports that the Committee on Un-American Activities had been permitting filmed or live TV coverage at some of its out-of-town hearings.

RAYBURN's attention was drawn to the committee's practice by news accounts of the apparent suicide of a scheduled witness before the committee at current hearings in San Francisco. In a farewell letter the prospective witness, a biochemist, said he had "a fierce resentment of being televised."

RAYBURN said if he found the committee had been violating the ruling he propounded in 1952 and again in 1955, he will direct that the practice be stopped.

Richard Arens, staff director for the Un-American Activities group, confirmed that the committee at some hearings outside Washington has been admitting TV film or live cameras. He said the committee considered that RAYBURN's ruling applied only in Washington.

"Outside Washington we use the facilities of the Federal courts," he explained. "We take the position we are guests of the local Federal judge. We follow whatever rules he applies to the courtrooms we use."

Arens said some judges admit TV film cameras only, while others permit live telecasts. Others bar all cameras.

RAYBURN ruled in 1952 that in the absence of specific rules by the House to the contrary, the general House rules apply also to its committees. He said the general House rules do not permit radio or television broadcasts of House sessions.

He told the House then it was his interpretation that unless the House wanted to vote otherwise, the radio and TV ban also applied to committee sessions, whether in or outside Washington.

[From the Washington Post and Times Herald of June 21, 1957]

WALTER SCORNS RAYBURN'S HOUSE RULE, CONTINUES TELEVISING HIS HEARING

(By Warren Unna)

Representative FRANCIS E. WALTER (Democrat, of Pennsylvania) curled his lip at Speaker of the House SAM RAYBURN yesterday and Mr. Sam didn't like it one bit.

Informed that WALTER, as chairman of the House Un-American Activities Subcommittee, was defying his House rule by holding televised hearings in San Francisco, RAYBURN declared: "There will not be any more (House) Committee or Subcommittee hearings in Washington, or anywhere else televised or broadcast by radio. Period."

Informed of RAYBURN'S command, WALTER glared into the cameras in San Francisco and told a pleading witness: "There is no such rule."

A United Press teletype of WALTER'S remarks was brought to RAYBURN in the Speaker's lobby in the midafternoon yesterday. He masticated each word as he read it. His face reddened right up through his bald scalp. And then he snapped: "No comment."

But the news of WALTER'S action swept through the House cloakrooms. Whispered comments ignored debate on an agricultural bill and crept along the benches on the House floor. Both Democrats and Republicans were seen to head for the news ticker in the back of the lobby.

Representative CLYDE DOYLE (Democrat, California), a member of WALTER'S Un-American Activities Subcommittee who drafted fair-play amendments for House committee hearings 2 years ago, declared:

"The existing interpretation of the Rules of the House by the Speaker of the House take preference and priority over any ruling or any position taken by any Member of the House. TV may have educational value but we are all familiar with the Speaker's ruling and we have no business permitting it (TV hearings)."

Representative ROY W. WIER (Democrat, Minnesota), who has voted against appropriations for WALTER'S subcommittee ever since his first year in Congress in 1949, declared:

"I think I have got the cure for the whole controversy and that is to wipe out the committee. It assumes to be the investigator, the judge and the jury and even takes over judicial authority in the disposition of its cases.

"What's more," said WIER, "I do not like the way they are using the committee to get headlines in the districts of the men running for election."

RAYBURN and Representative WILBUR D. MILLS (Democrat, Arkansas), were overheard discussing Monday's Supreme Court ruling

in which Chief Justice Earl Warren had castigated the Un-American Activities Subcommittee for "exposure for the sake of exposure."

Fellow Congressmen said RAYBURN and MILLS voiced agreement with the Court's remarks and declared WALTER's investigation methods had gone too far.

House Members of both parties seemed to make no bones about their allegiance to Speaker RAYBURN yesterday. For the past few years, criticism of WALTER has been muted because of his three powerful positions:

1. Chairman of the House Democratic patronage committee, which dispenses Capitol Hill jobs.

2. Chairman of the House Immigration Subcommittee, which approves private immigration bills and enhances a Congressman's popularity back in his district.

3. Chairman of the House Un-American Activities Subcommittee, which keeps the files on black marks.

For years, WALTER has been known to be one of Speaker RAYBURN's closest advisers. In recent months, however, Democratic Members have been quietly saying that WALTER hopes to become the next Democratic Speaker, once RAYBURN steps down.

They point to WALTER's speech last Thursday on behalf of a jury trial amendment to the civil rights bill and term it an outright appeal to the southern bloc for a someday Speaker's candidacy.

The Rayburn-Walter fracas began Wednesday when the Speaker's attention was drawn to the fact that a San Francisco Peninsula biochemist had committed suicide to avoid appearing as a witness before the WALTER subcommittee's current Communist investigation. The scientist, in a suicide note, explained he had a fierce resentment of being televised.

(In San Francisco, the scientist's widow, Mrs. William K. Sherwood, filed a $500,000 "wrongful death" suit against members of the subcommittee, the United Press reported. Mrs. Sherwood filed the suit in San Francisco superior court naming WALTER and Members ROBERT J. MCINTOSH, Republican, of Michigan, and GORDON H. SCHERER, Republican, of Ohio; staff counsel, Frank Tavenner; and staff investigator William Wheeler.)

RAYBURN had ruled in 1952, and again in 1955, that unless the House voted otherwise, radio and TV would be banned from House hearings in or outside Washington. The House never voted otherwise.

The first response to RAYBURN's ruling came from Richard Arens, Un-American Activities Subcommittee staff director.

"Outside Washington, we use the facilities of the Federal courts," he explained. "We take the position we are guests of the local Federal judge. We follow whatever rules he applies to the courtrooms we use."

WALTER backed Arens, first by declaring that he thought RAYBURN's rule applied only to Washington hearings, and was no longer in force anyway.

WALTER said he intended to bring a contempt citation against at least one of the witnesses before his hearing and force a court test of his subcommittee's power to investigate. He also predicted that Congress would soon pass anti-Communist laws that even the Supreme Court will understand.

RESOLUTION TO AMEND RULE XI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

Resolved, That rule XI 25 (g) of the Rules of the House of Representatives is hereby amended by inserting "(1)" immediately after "(g)," and by adding at the end thereof the following:

"(2) Each committee may, upon such terms and conditions as it deems advisable, permit the broadcasting and telecasting of its proceedings by radio and television, and the dissemination of news of its proceedings by such methods and by other methods and media of communication."

I have discussed this matter on many occasions, and a list of references to those discussions appears in the CONGRESSIONAL RECORD of May 18, 1954, volume 100, part 5, on pages 6778 to 6780. Since then my remarks on this subject appear in the CONGRESSIONAL RECORD as follows:

July 19, 1954, volume 100, part 8, pages 10955 to 10956.

January 20, 1955, re televising press conferences, volume 101, part 1, page 494.

January 24, 1955, re parliamentary inquiry and remarks on televising committee hearings, volume 101, part 1, pages 628 to 629 and pages 636 to 637.

February 10, 1955, re House Resolution 99, volume 101, part 2, page 1427 and pages 1442 to 1445.

March 21, 1955, re House Resolution 151 to amend rules relating to committee procedures, volume 101, part 3, pages 3297 to 3299.

March 23, 1955, re debate on House Resolution 151, volume 101, part 3, pages 3569 to 3585.

Mr. MEADER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LATHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, this is the second time in 20 years that it became necessary to confess that after my vote had been cast listening to a colleague, a misunderstanding arose, I changed my vote and later discovered I was right in the first instance. That happened on the bill today. I changed from "aye" to "nay" when from my viewpoint "aye" was the correct vote.

I promise my constituents—not the Members of the House, but my constituents—that I will be a little more careful hereafter. I hope they will forgive me for this one, even though the result was not affected that is a bad thing to do especially when you want to answer a Democrat who in his remarks made a slight mistake, as did the gentleman from Michigan [Mr. DINGELL]. He said:

Mr. Speaker, I rise to pin the tail on the elephant.

I thought I had better confess before he told me that I made the same mistake he did yesterday. You remember how the game was played? The player was blindfolded, given a cloth tail and attempted to pin it on a drawing of either an elephant or a donkey. I think we were both misled. He had quite a little to say about Republicans not going through on a teller vote on an amendment. He said:

I ask the distinguished minority leader to deny that the Republican Party is liberal and humanitarian in principle and tight and stingy with money and the hungry of this country.

Well, that reminds me of the argument we had when other appropriations bills were up. He made the too broad, general charge that the Republicans want to see the hungry continue to be hungry. An absurdity on its face. Neither party can be charged with anything like that. We are all about the same kind of people, whether we are in one party or the other.

The gentleman then said this:

What is the situation in my own city of Detroit? Right now we have 100,000 people out of work. We have thousands of others on minimum or lower incomes. Other cities and States face similar problems. Twelve million people today in America live on subsistence-level or lower. We are merely trying to see to it that in giving away a lot of these products, we think a little more of our own people; that we care for our own hungry, our own needy, our own aged, our own pensioners, our unemployed, our retirees.

That we take care of our own first, has always been my creed. That may be one reason I have been called an isolationist, which, when the test is whether it is my country or the interest of another first; I always have been.

Then he calls attention to the fact that he hopes someone will bring that situation in Detroit and in Michigan to the attention of the voters when next we have an election. That is a good suggestion.

I think the record is rather clear that some of us have consistently and from the very beginning of the program voted against giving so much aid abroad, in favor of taking care of first our own people here in America. So we do not need to worry about that issue. The Democratic Party under Roosevelt and Truman started that and carried it on.

If anyone is in doubt as to whether the Republicans or the Democrats are responsible for the situation described by our colleague from Detroit yesterday, listen to our former colleague, Democrat Frank Hook.

Mr. RABAUT. He came here with me. We came together.

Mr. HOFFMAN. Mr. Hook is a very active statesman. Now let us see—and this is good for your Democratic Party and I hope that your Detroit papers will get it because Frank places the blame for Detroit's and Michigan's plight, which we all wish to end, where it ought to be. He writes to the editor of the Detroit Free Press. The letter was published on the 18th of June.

I read:

For your information there is a powerful group of Democrats who are sick and tired of being pushed around by the Gust Scholle-Williams-National Socialist Labor group.

And if you want to compliment Frank Hook in his opposition to that, join up; if you will give me your names and ad-

dresses, I will be glad to send them to him. He adds:

We are organizing as free Democrats for the purpose of bringing the Democratic Party back to the Democrats.

I see the gentleman is nodding his head—does that mean, yes, you are in favor of that? You are. Thanks.

All we have had is a captive government since 1948 in Michigan under the domination of the Gust Scholle-Williams gestapo.

Gust, president of the CIO, said that no voter in Michigan should ever vote for a Republican, no matter how able or how patriotic he might be. That label "Republican" is one which to Gust prevents office holding. We ought to have had something of that kind in the civil-rights bill.

Then, Frank wrote:

It is my sincere hope that Senator MCCLELLAN'S committee investigate the unholy alliance of the State administration and that gang—

While I do not approve of that word "gang," it may be descriptive.

Frank says:

It might prove very interesting.

It sure will be helpful to the State and its people.

There you have it.

I noticed Senator MCNAMARA put in the RECORD the other day a list of corporations that had moved into Michigan in the last few years.

It was quite impressive. Then, just a day or two ago, I received a letter from a resident of one of the towns named in the Senator's list as one in which 2 corporations had located, with the statement that 1 of the industries which came in had faded out almost immediately and that the other was on its way out.

It would be very informative and, as Frank wrote, interesting, to know just how many industries have left Michigan, just how many have come in, since Governor Williams inaugurated his policy of soaking industry—especially corporations—and Reuther ascended his throne as dictator of when an industry should and should not produce and how much it should pay for the privilege of employing workers.

One thing is indisputable and that is that no sound, sensible individual or board of directors or operators of a business will long continue the effort to produce, to give jobs, where taxes are unduly high, labor relations arbitrary, unreasonable.

Business people are like everyone else. Unless there is a profit in sight—an opportunity to be successful—they just will not make the effort.

Michigan has many, many natural advantages. It has an almost unlimited supply of skilled workers. There is no reason why it should not be, and continue to be, one of the foremost industrial States of the Union.

Long ago, Williams and Reuther should have seen the light. We all hope it is not too late.

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. LATHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. HILL].

Mr. HILL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include a statement by Assistant Secretary of State Thorsten V. Kalijarvi.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. HILL. Mr. Speaker, I include the following statement by the Honorable Thorsten V. Kalijarvi, Assistant Secretary of State for Economic Affairs, before the House Select Committee on Small Business, Friday, June 21, 1957:

I appear today in response to the chairman's request for the Department's views concerning two major problems under consideration by the committee relative to the export of iron and steel scrap. Consequently my statement will cover (1) the discussions with foreign governments dealing with the limitations on the scrap they plan to take from the United States, and (2) the Department's policy pertaining to the scrap importing arrangements of the European Coal and Steel Community and Japan.

I. DISCUSSIONS WITH MAJOR FOREIGN IMPORTERS OF UNITED STATES SCRAP

The Department of State is involved in the ferrous scrap export problem because of the need to balance conservation of essential supplies of this material at home with the essential requirements of friendly countries which represents a legitimate foreign policy consideration. The principal importing areas, Japan, the European Coal and Steel Community, and the United Kingdom, are heavily dependent on us for the scrap supplies which are essential to the health of their economies and to their defense positions. These considerations are important to the security interests of the United States.

Accordingly, the Department has been actively engaged in the consideration of the scrap problem since 1955. It has recognized that, in attempting to insure a continuing flow of minimum essential requirements to the major importers, we cannot indefinitely continue to make ever-increasing supplies of scrap available to them. We have, on the contrary, emphasized the need for moderation and have encouraged the importing areas to achieve a balance in their metallics supply which will bring such dependence on us to an end. We have also, through our missions abroad, surveyed the scrap reservoirs of other countries on a worldwide basis in an effort to ascertain if there are any untapped or insufficiently tapped sources of the material the exploitation of which might reduce the demand on the United States as a world supplier. These latter efforts have not produced any particularly fruitful results.

However, we are hopeful that the years following 1957 will see a progressive lessening of the demand upon us. The European Coal and Steel Community will have heavy requirements in 1958 and substantial ones in 1959 but assures us that by 1960 its demands on us will be negligible. It advises that at the present time it is using only 39 percent of scrap in its melt (as compared with about 50 percent in the United States and still higher in Japan) but that by 1960 the scrap component may be reduced to as low as 21 percent. The Community states that this reduction will be the result of an investment program by means of which it is planned nearly to double blast furnace capacity between 1956 and 1960. Moreover, the high authority of the Community has established an incentive system entailing payment of a premium to producers for scrap saved through increased consumption of pig iron.

Japan has a steel industry less developed than that of the Coal and Steel Community and envisages some continuing dependence on us. However, it plans to increase its 417,000 metric ton 1955 capacity in converter steel (which uses very little scrap) to 750,000 tons in 1957 and to a tentative 3,800,000 tons by 1960. Pig-iron production, at 5,256,000 metric tons in 1955, is to be raised to 6,560,000 tons in 1957 and to a tentative 9,163,000 tons in 1960.

Now, with your permission, I should like to review the steps taken with a view to limiting the quantities of scrap shipped abroad. The exportation of scrap from the United States in quantity, largely a phenomenon of the recent postwar years, attracted attention when in 1954 shipments began to rise sharply. In the case of the European Coal and Steel Community the rise was precipitous and in mid-1955 this trend was discussed informally with the high authority which undertook to level off the Community takings at the rate of 150,000 metric tons per month during the second half of the year.

At the beginning of 1956 it was determined that shipments to Japan and the United Kingdom might also be reaching too high a level and the Departments of State and Commerce consulted with the three major importing areas to urge voluntary restraint as a means of avoiding the possible necessity of restrictive action. We were informed that the Coal and Steel Community, Japan and the United Kingdom would require minimums of 1,980,000, 1,320,000 and 550,000 short tons respectively. At this time we did not seek commitments from the importers but expressed to them our hope that their imports for the year would not exceed these essential quantities.

When, at the middle of the year, export licensing was running somewhat ahead of the indicated requirements, the three major importers were again urged to exercise moderation. The Coal and Steel Community gave assurance that its 1,980,000-ton limit would be respected while the United Kingdom indicated that any taking on its part over the 550,000 tons would be negligible. However, Japan expressed the view that the figure quoted in its original estimate had been inadequate and that nearly 2 million short tons (1,800,000 metric tons) would be needed. In response to this unexpected development, we noted that an increase of this magnitude might make mandatory limitations unavoidable and again urged Japan to hold imports to a minimum.

During the closing months of the year, Japan's imports continued heavy and several times our Embassy in Tokyo made oral representation of the subject. The increase in Japanese imports also created an indirect problem in the sense that our urging of moderation to the other major importers in the face of this increase could be interpreted by them as discriminatory in favor of Japan. However, in enacting the extension of the Export Control Act of 1949, Congress had instructed the Department of Commerce to make a survey of scrap availabilities in the United States. Until this survey, under preparation by the Battelle Memorial Institute, and its evaluation by the Department of Commerce were completed we were without concrete information as to whether or not a scrap shortage was imminent. However, the problem of excessive exports was raised in the Council on Foreign Economic Policy where it was determined not to apply quotas but to seek a solution to the problem through further discussions with the importing areas.

Toward the end of the year the Coal and Steel Community expressed the hope that

its imports from us might be increased by about 55,000 short tons per month. We asked the community to adhere to its original limitation and it agreed to do so for the balance of the year but warned that during 1957 additional quantities would be required. However, we indicated our belief that the 1957 level of shipments should not be permitted to exceed that of 1956.

At the beginning of February 1957 the Department of Commerce survey was published and showed that although there was no shortage or prospect of shortage in lighter grades of scrap there was a likelihood of shortages developing in the heavy melting grades which ordinarily constitute approximately two-thirds of our exports. At the same time a mission representing the Japanese steel industry arrived in Washington to discuss scrap requirements with the Department of Commerce, and stated that over 2,700,000 tons would be needed during 1957. The Japanese were told that the matter would be studied but it was indicated to them that the 1956 level of shipments should not be exceeded.

Subsequently, the data presented by the Japanese scrap mission were reviewed in the Departments of State and Commerce. Although the United Kingdom and the Coal and Steel Community were on notice that moderation was still required, further discussions with them were not undertaken at the time. It was felt that Japan represented the most pressing problem both because of the increase in its imports and of the relative extent of its dependence on us as a source of supply which has been brought about by the industry's rapid postwar growth.

On concluding review of Japan's requirements in the light of the Department of Commerce survey we decided that in view of the fact that only heavy melting material appeared to be in danger of depletion, we should ask Japan to limit its imports on heavy melting scrap to the amount shipped in 1956 but that exports of lighter grades should be unrestricted. Similar proposals were then made to the Coal and Steel Community and to the United Kingdom.

All three importing areas agreed to study these suggestions but Japan and the Coal and Steel Community indicated that acceptance of the terms would have serious effects on steel production. Subsequently Japan returned with a counterproposal involving quantities somewhat greater than last year's but less than those previously requested. It was determined that the Japanese figure struck an acceptable balance between that country's dependence on us in scrap and our need to conserve the material. The proposal was accepted by us and the Government of Japan states that the Japanese steel industry will be advised not to import during 1957 in excess of the agreed figure. Understandings based on the same formula have recently been reached with both the Coal and Steel Community and United Kingdom. Pursuant to these understandings the 3 major importers will limit their imports of premium material to tonnages about 13 percent higher than those of last year but no limits will be placed on movement of the lighter grades of scrap.

II. FOREIGN SCRAP IMPORTING ARRANGEMENTS

Let us now discuss the second problem, namely, the foreign business arrangements for the importation of United States generated scrap. It is my understanding that lengthy testimony has been presented to the committee setting forth in detail the manner in which scrap importing arrangements in the European Coal and Steel Community and Japan allegedly have interfered with the exports of certain United States scrap firms. Several witnesses have referred to "protests" or representations by the Department of State in this connection. The committee has indicated that it would appreciate the Department's comments concerning these representations and our present policy with respect to this problem. First, it should be pointed out that the actions which the Department has taken are in conformity with and in furtherance of the basic United States foreign economic policy calling for the encouragement of free competitive enterprise in the Free World nations and for the elimination of restrictive business practices in international trade. Under this policy the United States seeks to encourage competitive enterprise and to eliminate restrictive practices as a means of contributing to the economic strength of the Free World. Free economic institutions offer greater promise of more favorable conditions than economies burdened by monopolies, restrictive business practices, and excessive government regulation. In response to the request of the chairman, we have prepared for the information of this committee a more detailed presentation of our foreign economic policy in this field. It is attached to the copies of my statement.

(See attachment A.)

EUROPEAN COAL AND STEEL COMMUNITY

Before discussing the Department's policy toward the scrap importing arrangements of the European Coal and Steel Community (sometimes referred to as the CSC), it may be helpful for the committee to have some background information about the Community and about these arrangements.

Since 1948, the United States has supported projects designed to further the economic integration of Western Europe. One of the more important is the six-nation Coal and Steel Community which came into existence in July 1952 after the basic treaty had been ratified by the national parliaments of France, the Federal Republic of Germany, Italy, Belgium, Luxembourg, and the Netherlands. Less than a year later the common markets for coal, iron ore, scrap, and steel had been established. With the creation of these common markets, national barriers to trade, such as tariffs, quantitative restrictions, and discriminatory pricing, were abolished within the Community. The object of these unprecedented steps was to bring the coal and steel industries of the 6 CSC countries into competition with one another in one vast common market comprising 150 million consumers.

The CSC Treaty also envisaged the elimination of private agreements restricting the production and marketing of these commodities. Articles 65 and 66 of the treaty, directed against cartels and monopolies, were accurately characterized as "Europe's first major antitrust law." These provisions were completely unprecedented outside of the United States.

In any consideration of the Coal and Steel Community it is important to note that the six member states have relinquished to the Community by treaty most of their powers over their coal and steel industries. The principal organ of the Community is the executive body known as the high authority. This body has the major responsibility for administering the CSC Treaty, subject to certain checks and balances by the other Community institutions such as the common assembly and the court of justice.

As regards CSC scrap importing arrangements, the private scrap organization in Brussels known as the OCC (Office Commun des Consommateurs de Ferraille), or the Joint Office of Scrap Consumers, was set up in the spring of 1953. This organization is responsible for CSC scrap imports and was established to cope with special problems arising out of shortages of scrap in the Community. Payments are made from a common fund to purchasers of scrap imported through the OCCF to equalize the higher delivered cost of imported scrap with that of domestic scrap. The creation of the OCCF was authorized by the high authority under article 65 of the CSC Treaty. Article 65 prohibits all restrictive agreements which would tend in any manner to impede the normal operation of competition within the common market. However, agreements for specialization of production or joint selling or buying may be authorized by the high authority under certain specified conditions.

Early in 1955 we became aware of the fact that the OCCF had concluded an exclusive contract with a group of three United States scrap dealers headed by Luria Bros., Inc. In March of that year the Acting United States Representative to the CSC informed the high authority that the United States questioned the compatibility of this exclusive arrangement with the CSC objectives of establishing and maintaining competitive conditions in the community. This action was stimulated in part by protests from other United States scrap dealers who were precluded by the arrangements from exporting to the community. Later, on May 4, 1955, the acting United States representative submitted to the high authority a letter recapitulating the views of the United States Government on this exclusive arrangement. Since the committee has expressed a specific interest in the nature of the Department's approach to the high authority on this problem, I shall be glad to submit the text of this letter for insertion in the record if the committee so desires.

The exclusive purchasing arrangement with the Luria group was terminated by the high authority effective December 1, 1955. A public announcement of this decision was made in November of that year in the form of a press release issued by the high authority. It was announced that in the future the OCCF "would not enter into any commitments involving exclusive purchasing arrangements or bearing on a fixed percentage of Community requirements" as regards scrap imports from the United States. Further, the release stated that the OCCF "will in the future examine proposals submitted by third country suppliers on the basis of normal commercial criteria, such as price, quality, delivery possibilities, etc." I should like to submit the text of this press release for insertion in the record.

Although exclusive purchasing in the United States has been terminated, centralized purchasing by the OCCF has been continued. Beginning about July 1956 and continuing down to the present, various United States scrap exporters have complained to the Department and our CSC mission in Luxembourg about OCCF purchasing methods. These complaints have been presented in detail to the committee. One point should be emphasized with respect to these charges by United States scrap exporters. Neither the Department nor our CSC mission has been in a position to evaluate them. The mission has been instructed to present the nature of these complaints to the high authority or to members of the high authority staff and to discuss with them the practices being pursued by the OCCF, and their conformity with the criteria stated in the high authority press release.

Until recently responses which we received from the high authority with respect to the specific complaints concerning the purchasing methods of the OCCF indicated that the high authority was inclined to leave such matters to the OCCF which they considered in the nature of day-to-day commercial transactions. The Department still wished to bring about an improvement in the situation and to this end instructed our CSC mission to continue its discussions of the matter with the high authority. On June 18 the high authority delivered to our mission in Luexembourg an aide-memoire on the Community's scrap import purchasing arrangements and the high authority's policy concerning these arrangements.

Copies of this aide-memoire are attached to my statement. (See attachment B.) The essence of this statement is as follows: "The high authority has decided that steps should be taken to avoid any possibility of misunderstanding, either in the United States or the Community, of the policies of the high authority or of its determination to enforce those policies. It has, therefore, * * * undertaken to formulate detailed criteria and procedures to be followed by the OCCP in purchasing scrap in the United States. These criteria and procedures will be designed to eliminate any discriminatory or restrictive practices or any other practices in any other way contrary to the purposes of the Community."

We feel that this is a significant step by the high authority and we are hopeful that it will produce a substantial improvement in the situation.

JAPAN

Now let us consider the situation with respect to importation of scrap by Japan. As in the case with the coal and steel community, Japan purchases virtually all of its imported scrap through a central buying organization known as the scrap coordinating committee. This committee, which is composed of representatives of the leading Japanese steel mills, is a private group operating in close liaison with the Ministry of International Trade and Industry.

The first complaint relating to Japanese scrap importing arrangements was made to the Department in August 1956. It was charged that the scrap coordinating committee was about to conclude an exclusive contract with one United States firm. The Embassy in Tokyo looked into this matter and determined that the committee had given the United States firm, Luria, a fourth-quarter contract for 335,000 tons. Although this was not an exclusive contract in form, it had the effect of virtually cutting off scrap exports to Japan during that quarter by all other United States suppliers. The Department subsequently received complaints from other suppliers which were sent to the Embassy for discussion with appropriate Japanese officials.

When the scrap coordinating committee began negotiating contracts for 1957, the Department learned that the committee had decided to apportion their requirements among four United States dealers. The Embassy was again instructed to intercede but, although the number of dealers was raised to six, this intercession was unsuccessful in obtaining a restoration fo competitive conditions.

Throughout our dealings with both the Japanese Government and the Coal and Steel Community on this problem, we have consistently maintained the position that all United States suppliers should have an equal opportunity to compete for the business. Of course, if one firm obtained a majority or all of the business, there could be no objection provided free and open competition had prevailed. It should also be emphasized that we have not, and cannot, intercede in the interest of any one supplier or group of suppliers. The basic principle which we have been attempting to establish is a nondiscriminatory purchasing policy.

In conclusion, Mr. Chairman, permit me to point out that with respect to discussions with foreign governments on scrap imports from the United States we have sought to reach a balance which will preserve and promote the national interests of the United States. We have tried to give adequate consideration to our domestic industry and to meet, as far as possible, the requirements of friendly importing nations. As to the scrap importing arrangements in foreign countries, we have followed a policy designed to give all United States firms an equal opportunity to compete for foreign-scrap business. This is in accordance with our foreign economic policy of encouraging free competitive enterprise abroad.

ATTACHMENT A

ATTACHMENT TO STATEMENT BY THORSTEN V. KALIJARVI, ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS, BEFORE THE HOUSE SELECT COMMITTEE ON SMALL BUSINESS—UNITED STATES FOREIGN ECONOMIC POLICY WITH RESPECT TO RESTRICTIVE BUSINESS PRACTICES

This memorandum sets forth the recent historical development of United States foreign economic policy with respect to the encouragement of free competitive enterprise abroad and the elimination of restrictive business practices, the means by which this policy is carried out, and the progress which has so far been made.

GENERAL HISTORICAL DEVELOPMENT

The United States has long recognized the adverse effects of restrictive practices in international trade on its own economy. Our own antitrust laws, for example, have always applied to restrictions on our foreign as well as domestic commerce. In addition, the effects of foreign cartel activity have been repeatedly felt both by American business and the United States Government. Foreign cartels have resulted in barring American firms from investment and trade opportunities abroad and in discriminatory treatment of, or high prices to, American industries dependent on foreign sources of supply. The activities of foreign cartels in frustrating economic development in the United States were brought home with particular vividness in the last war with the revelations of their effects in such vital fields as synthetic rubber.

United States foreign economic policy with regard to restrictive business practices necessarily developed after World War II as an integral part of our overall policy and programs to attack and reverse a serious international trend toward restrictionism. Before the war, a variety of factors including the rise of nationalism and the effects of the depression had caused a greatly increased use of protectionist devices and other restrictive measures in trade between states, and use of economic planning and controls within national boundaries. In this period the official policies of foreign governments increasingly favored the cartel system as a form of stabilization, some countries even adopting compulsory cartelization statutes. In the international field likewise little attention was given to the strangling effects on international trade of private restrictive agreements.

In deciding what course to pursue in its postwar foreign economic policy, the United States was thus faced with the prevalence abroad of a restrictive philosophy extending throughout governmental planning and approaches on the national and international levels and with regard to both governmental and business activities. It became clear that this trend must be reversed if the nations which had been devastated by the war were to revive. It was natural that at first primary emphasis should be directed to international trade to develop the basis for an expanding international economy. In the cartel field, various proposals for multilateral cooperation on international cartel practices were advanced. However, none has yet proven practicable for generalized adoption.

As a specialized aspect of this policy of expanding international trade, the United States became particularly interested in promoting trade liberalization within Europe as a major force in European economic cooperation. The adverse effects of restrictive practices on this program were recognized in Europe as weell as in the United States. The Organization for European Economic Cooperation declared in 1950 that private restraints in Europe "may well restrict competition more than foreign trade controls and tariffs alone. * * * The risk is that, as official restrictions were removed, these restrictive practices created within the business world itself may tend to expand in their stead."

Our concern with this problem led to the inclusion in the bilateral ECA agreements with the European governments of a commitment to take appropriate action with respect to restrictive practices international in scope which were found to interfere with the recovery effort.

The problem of restrictive practices in the European recovery program was, however, not limited purely to the question of international trade. It was soon recognized that such practices on a national level were a major impediment to the expansion of European production and the achievement of higher living standards, both vitally necessary to economic recovery and popular resistance to the lure of communism. Arrangements of a restrictive nature among business enterprises have been widely prevalent in many countries, particularly in Western Europe. These cartel activities, typically carried out through domestic trade associations, have as one of their principal purposes the fixing of prices throughout entire industries. Many also establish production quotas, receive and allocate orders among enterprises, set up exclusive areas of sale, and control the entry of new firms. By removing much of the incentive for more efficient methods of production, they have been a significant factor in Western Europe's lag in productivity behind both the United States and the U. S. S. R. They have tended to inhibit Europe's ability to compete in world markets and thus have contributed to balance of payments problems. They have held down new investment and therefore basic economic expansion. In connection with the mutual defense effort, it became apparent that a substantially added cost could result from the operation of cartel arrangements.

The Congress gave recognition to the importance of this problem in 1951 by the adoption of an amendment to the Mutual Security Act explicity stating a policy of encouraging free enterprise and competitive activity in countries receiving United States aid. This policy has been reaffirmed in subsequent amendments of the act. In its present form, known as the Thye amendment, the amendment reads as follows:

"The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the Free World. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section."

President Eisenhower also gave attention to the subject when he stated in his 1955 Economic Report to the Congress:

"It is to the advantage of each nation to attend to the barriers that have caused international trade and investment to lag behind the growth in production and incomes. Our own interest clearly calls for a policy that will in time extend into the international field those principles of competitive

enterprise which have brought our people great prosperity with freedom."

Considerable interest in and concern over this problem has also been expressed by United States business representatives. For example, Mr. Ernest Breech of the Ford Motor Co. aptly described the situation as follows:

"Some Europeans are still skeptical of many United States industrial policies that have led to greater productivity and higher living standards in this country. They have an ingrained fear of competition and prefer to divide the existing market through cartels and other voluntary agreements, rather than through free competition for ever-expanding markets.

"These and other similar attitudes are a challenge to the American businessman. They are, in a sense, psychological roadblocks to the maximum expansion of Free World economies. Anything we can do to persuade them to change will, in my opinion, be a major contribution to Free World strength."

IMPLEMENTATION OF POLICY

The measures which can be taken to implement our policy of discouraging restrictive business arrangements and encouraging competitive enterprise are subject to two important limitations. First, rapid and dramatic results cannot be expected in this field, because we are dealing with methods of doing business and a whole pattern of thinking that has become engrained over scores of years. The process of change can therefore only be gradual. Second, we cannot interfere in the internal affairs of other sovereign nations, and it would certainly defeat our aims to do so. We can only encourage and assist where this is desired.

With these caveats in mind, the United States has been able to pursue the following activities:

1. One of the basic requisites of progress in this field is the adoption of effective anticartel legislation in other countries. Accordingly, emphasis has been placed on this objective. Foreign governments have been assisted in a variety of ways in the preparation or administration of anticartel legislation by enabling them to draw on United States antitrust experience where it can appropriately be applied to their own problems and needs. Of particular importance have been a number of missions from foreign governments brought to the United States to study in detail our antitrust laws and related statutes and their administration. These have included teams from the United Kingdom, France, the Federal Republic of Germany, and Belgium.

2. Related to this but somewhat broader in scope, this Government has placed considerable emphasis in the programs for increased productivity on the necessity of encouraging competitive activity. These programs have been centered on the training of employees and management in more efficient technical and business methods. It became apparent that the benefits of this technical training could not be maximized unless accompanied by increased competition. Accordingly, the productivity programs were planned with this factor in mind, and many foreign officials and businessmen have been brought to this country to observe the operation of our competitive system at first hand. The constitution of the European Productive Agency, established several years ago to coordinate European national efforts in this field, reflects this emphasis. The EPA now has a continuing long-range program on the subject, adopted under United States stimulus, which includes regular meetings of European government specialists on restrictive business practices, the preparation of basic studies, and the exchange of ideas and experiences with American specialists. The cross-fertilization of ideas and experience thus taking place among government officials in Western Europe in a position to guide the policies of their governments on this subject is proving highly productive.

3. The United States has adopted the policy of making Export-Import Bank and other public loans in a manner to avoid strengthening international cartel arrangements or contributing to monopoly situations.

4. In the program for offshore procurement of defense materials, United States procurement officers have been instructed to use channels of procurement which would reduce risk of prices being inflated, deliveries hampered, or production impeded by restrictive business practices. Competitive bidding is employed where circumstances permit. In one case alone, the refusal to accept a collusively fixed price resulted in a saving of $4 million for the United States. In addition, our NATO allies have agreed to employ international competitive bidding on most projects being jointly financed by the members of NATO.

5. We have included in our recent bilateral treaties of friendship, commerce, and navigation, a provision under which the two governments agree to consult with regard to restrictive business practices harmful to trade between them and to take such action as may be deemed appropriate. There are currently treaties in force containing this provision with the Federal Republic of Germany, Greece, Ireland, Israel, Italy, and Japan. Five others have been negotiated.

6. The Government has, wherever possible, assisted American business concerns to overcome foreign cartel restraints on their activities. In some cases, this assistance has taken the form of diplomatic representations, in others more informal action; in either case it is designed to remove discriminations by private cartels and business associations. Such discriminations may involve, for example, denying an American firm the right to invest or do business in a foreign country, cutting off its supply of raw materials, or attempting to force it into arrangements for price fixing or divisions of markets. In a few cases more direct assistance has proven practical. For example, an American firm was encouraged to develop a source of industrial diamonds free of control of the diamond cartel and was given financial assistance under the program for acquisition of strategic materials.

PROGRESS TO DATE

As noted above, before the war, governments often supported and encouraged cartels and little action was taken against them. Now there is a significant body of foreign legislation pointing in the direction of free competitive enterprise and a considerably wider body of vocal public opinion is in support of this course. These changes are truly significant when viewed in light of the fact that progress in this field must of necessity consist of gradual change.

There is no concrete way of assessing the degree to which United States policy and programs have influenced these developments. It is safe to say, however, that these activities plus the example of our own vigorous antitrust policy have been significant factors.

Laws to regulate restrictive practices of varying effectiveness are now in force in a growing number of foreign countries. In Western Europe alone, Austria, France, the Netherlands, the Scandinavian countries, and the United Kingdom have already adopted laws. The present United Kingdom statute, adopted this past year, promises to be one of the most effective yet enacted. The Federal Republic of Germany is actively working on an anticartel law of its own to replace the Allied occupation statutes in this field.

The movement toward western European integration has likewise produced significant developments in the anticartel field. In marked contrast to the operations of the prewar international steel cartel, the treaty establishing the European Coal and Steel Community contains strong provisions forbidding private arrangements in restraint of completion in the community and controlling the degree of economic concentration in the community coal and steel industry. The recently negotiated treaty for a European common market, which, when ratified will embrace the same six countries as the Coal and Steel Community, contains provisions to prohibit restrictive agreements among the member countries. These were inserted in specific recognition of the fact that it would be useless to remove governmental barriers to trade, such as tariffs and quotas, and then permit private restrictive agreements to take their place. While it is too early to assess the effectiveness of these provisions, they are highly significant as the first attempt at multilateral cooperation to control cartel agreements. In addition, if successful, this international activity will inevitably lead to the strengthening of national legislation in the area.

Many evidences of Europe's determination to move in the direction of free competitive enterprise are contained in public statements of key government officials. For example, German Economics Minister Erhard, in commenting on the remarkable economic recovery of Germany, asked his countrymen why they would want "to go back to regulations and restrictions," when "we have demonstrated what competition and free prices can do."

The enhancement of the competitive system in Western Europe which is taking place is of direct significance and benefit to the United States. Not only will it aid American businessmen to operate more freely and efficiently in the area, but the greater economic strength thus achieved will contribute to the security of the free world in general and to our own national security.

ATTACHMENT B

ATTACHMENT TO STATEMENT BY THORSTEN V. KALIJARVI, ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS, BEFORE THE HOUSE SELECT COMMITTEE ON SMALL BUSINESS—TEXT OF HIGH AUTHORITY AIDE-MEMOIRE ON SCRAP IMPORT PURCHASING ARRANGEMENTS, JUNE 18, 1957—ARRANGEMENTS MADE BY ENTERPRISES OF THE EUROPEAN COAL AND STEEL COMMUNITY FOR THE PURCHASE OF FERROUS SCRAP IN THE UNITED STATES

The high authority of the European Coal and Steel Community desires to submit this aide-mémoire in response to the request of the United States mission to the high authority for information with respect to the practices relating to ferrous scrap purchases on behalf of enterprises of the community and the policy of the high authority in this regard.

The community is an institution with sovereign powers, delegated to it by the six countries that established it by treaty, and separate from the coal and steel enterprises subject to its jurisdiction. The high authority, as the executive branch of the Coal and Steel Community, has the responsibility for seeing that the common market for coal, steel, and iron, created under the treaty, operates free of restrictions and discriminations and that competitive conditions are maintained within the community.

In carrying out this responsibility, the high authority has taken note of the special situation created by the shortage of ferrous scrap. Prior to the establishment of the common market, each of the member countries of the community maintained quota or other restrictions to deal with the problems created by this shortage. With the establishment of the common market those restrictions were abolished. In order to pre-

vent economic dislocations the high authority approved a system whereby the additional cost of scrap imported from nonmember countries is apportioned equitably among all users of scrap within the Community. It is contemplated that this system will be needed so long as the acute scrap shortage continues.

So as to provide the machinery through which this system could be operated, the high authority in 1953 authorized the enterprises of the Community that use scrap to create an independent association. This association, known as the OCCF, acts as a common clearinghouse for the purchases of scrap from sources outside of the community and serves as a mechanism for apportioning the additional cost of imported scrap among its member enterprises.

The OCCF maintains an office in Brussels. It does not itself purchase scrap but locates potential sources and negotiates purchase agreements on behalf of member enterprises. In this way the OCCF assures that the claims made for compensation under the apportionment arrangements are not excessive.

In addition to this function in relation to the apportionment arrangements, the OCCF has since its establishment served as a mechanism through which the high authority has been able to limit scrap import from the United States, in compliance with voluntary limitations imposed by the high authority after discussion with the United States Government.

In authorizing the creation of OCCF the high authority made the findings required by the provisions of article 65 of the treaty establishing the Coal and Steel Community. It found that the operations of the OCCF would contribute to a substantial improvement in the distribution of scrap: that the association was essential to achieve those results and was not more restrictive than necessary and that the OCCF was not capable of giving the member enterprises the power to determine prices, or to control or limit the introduction or selling of a substantial part of scrap within the community market, or of protecting those enterprises from effective competition by other enterprises within the community market.

Under the provisions of article 65, the high authority must revoke or modify its authorization of the agreement creating the OCCF if it should find that as a result of a change in circumstances the OCCF no longer fulfills the conditions found at the time of its establishment or that the actual results of its operations are contrary to those conditions.

By a letter of May 4, 1955, Mr. Robert Eisenberg, the then acting United States representative to the high authority, called the attention of the high authority to the fact that certain exclusive scrap purchasing arrangements, which existed between the OCCF and a group of American scrap dealers, might not be compatible with the objectives of establishing and maintaining competitive conditions in the European coal and steel industry.

Upon the receipt of this letter, the then president of the high authority, M. Jean Monnet, communicated with Mr. F. A. Goergen, the then president of the OCCF, in order to ascertain the facts and to take steps to correct any practice that might be contrary to the community's purposes. After conversations between officials of the high authority and of the OCCF, the OCCF terminated all exclusive agreements then in effect for the purchase of scrap in the United States. Following this action, on November 10, 1955, the high authority issued a press communique in which it announced:

"In accordance with the position previously taken by the high authority, it has been agreed that in the future the OCCF in importing from the United States will not enter into agreements containing exclusive provisions, nor relating to a fixed percentage of the community's needs.

"Consequently, the OCCF in the future will examine the offers of suppliers in third countries in accordance with customary commercial criteria, such as prices, quality, delivery terms, etc."

During the year 1956 following the termination of its exclusive purchase arrangements, the OCCF purchased scrap in the United States through about a dozen scrap dealers.

In spite of the elimination of these exclusive arrangements it has now come to the attention of the high authority, that in testimony before the Small Business Committee of the United States House of Representatives, certain United States scrap dealers have charged that the buying practices of the OCCF continue to discriminate against them in favor of the group of American scrap dealers with whom the OCCF previously had exclusive arrangements. The high authority is undertaking a thorough investigation to ascertain the facts as to the validity of these charges. Whether or not these charges prove to be well founded, however, the high authority has decided that steps should be taken to avoid any possibility of misunderstanding, either in the United States or the community, of the policies of the high authority or of its determination to enforce those policies. It has, therefore, also undertaken to formulate detailed criteria and procedures to be followed by the OCCF in purchasing scrap in the United States. These criteria and procedures will be designed to eliminate any discriminatory or restrictive practices or any practices in any other way contrary to the purposes of the community.

It is contemplated that the formulation of these criteria and procedures, together with control arrangements necessary to assure that they will be followed, will be completed and adopted after consideration at the next meeting of the OCCF. When adopted these arrangements will be made available to the State Department and enforced by the high authority.

Mr. RIEHLMAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

IRON AND STEEL SCRAP—EXPORT POLICY

Mr. RIEHLMAN. Mr. Speaker, the Honorable Thorsten V. Kalijarvi, Assistant Secretary of State for Economic Affairs, made a statement today before the House Small Business Committee concerning, first, the discussions with foreign governments dealing with the limitations on the scrap they plan to take from the United States; and second, the Department's policy pertaining to the scrap importing arrangements of the European Coal and Steel Community and Japan. My distinguished colleague and ranking minority member on the House Small Business Committee, the gentleman from Colorado [Mr. HILL] has placed the entire statement of the Assistant Secretary of State in the CONGRESSIONAL RECORD. I join him in recommending to the membership of the House a careful reading of the statement.

Personally, after listening to and carefully studying the Assistant Secretary's remarks, I am convinced that the Department of State, Department of Commerce, and other agencies of our Government which have been working to find a proper solution to the problems created by the exportation of iron and steel scrap have earnestly and consistently had in mind the welfare of the many thousands of small-business men engaged in the iron and steel scrap business in the United States. It must be remembered that the problems involving the exporation of iron and steel scrap not only concern the needs of our friends abroad but also concern the economic health and welfare of the United States. The Export Control Act of 1949, as amended, declares that "it is the policy of the United States to use export controls to the extent necessary (a) to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand; (b) to further the foreign policy of the United States and to aid in fulfilling its international responsibilities; and (c) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security." The statement of the Assistant Secretary of State has very definitely clarified the situation which has obtained with respect to the exportation of a valuable raw material. As I stated, the testimony is irrefutable that at no time has the United States Government failed in its several discussions with foreign governments to take into account the small-business aspects of the iron and steel scrap problem. In its negotiations with the high authority of the European Coal and Steel Community on the purchase of ferrous scrap in the United States, it is very apparent that the best interests of our free competitive enterprise system and our national security have been adequately and faithfully preserved.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield.

Mr. EVINS. Mr. Speaker, I should like to associate myself with the remarks of the gentleman from Colorado [Mr. HILL] in pointing out some of the constructive work of the Select Committee on Small Business of the House.

Our committee has been holding a series of objective hearings on an alleged domestic, monopolistic situation in the steel-scrap industry, which extends into an international cartel system of absolute control. The State Department has taken cognizance of the situation and has indicated that steps are being taken to insure in every way that free trade and competitive competition be maintained.

In this connection I ask unanimous consent to have reproduced in the RECORD a statement of the distinguished chairman of our committee, Congressman WRIGHT PATMAN, relating to some developments of our hearings and investigations.

The statement follows:

STATEMENT OF WRIGHT PATMAN, CHAIRMAN, SELECT COMMITTEE ON SMALL BUSINESS, UNITED STATES HOUSE OF REPRESENTATIVES

This morning, the Honorable Thorsten V. Kalijarvi, Assistant Secretary of State, read to the House Small Business Committee a diplomatic note from the high authority of the European Coal and Steel Community, which states that the high authority is taking steps to eliminate restrictive purchase practices of the OCCF, the central buying

agency of the community countries for purchasing scrap from the United States. This action, when carried out, will break the near monopoly control which a small combine of United States firms have recently had for exporting scrap to the six European countries which make up the European Coal and Steel Community, known as the CSC. This note which was transmitted by Mr. Butterworth, our Ambassador to the CSC in Luxembourg, said that the high auhority has "undertaken to formulate detailed criteria and procedures to be followed by the OCCF in purchasing scrap in the United States. These criteria and procedures will be designed to eliminate any discriminatory or restrictive practices or any practices in any other way contrary to the purposes of the community."

Assistant Secretary Kalijarvi told the committee that "in furtherance of the basic United States foreign economic policy calling for the encouragement of free, competitive enterprise in the free-world nations and for the elimination of restrictive business practices in international trade," the State Department has taken steps to encourage free trade practices in the purchase of iron and steel scrap by both the OCCF and Japan. The community countries and Japan are the principal foreign markets for United States iron and steel scrap. Both make scrap purchases from the United States through central buying cartels.

The committee listened with approval to the statement of the Assistant Secretary of State and suggested that it would welcome on the part of the high authority its promised action, "which should not only strengthen free, competitive enterprise in Europe—an objective of the CSC—but an action which will help preserve free, competitive enterprises within the United States, by freeing some 4,000 small scrap dealers in this country from the threat of monopoly control." The committee further expressed the hope that the State Department will follow very closely developments of the corrective actions which have been promised by the high authority, and that it will take whatever steps are appropriate to encourage an early adoption of these actions.

The House Small Business Committee has been holding hearings since May 20, on both domestic and export problems affecting the United States iron- and steel-scrap trade. On June 6, Representative PATMAN invited attention of the State Department to transcripts of the committee's hearings, saying witnesses had charged "that a central buying cartel in Japan and the OCCF, the central buying agency for the European Coal and Steel Community, restrict opportunity for making sale of scrap in these markets to a small group of selected United States companies."

In its diplomatic note of June 18, the high authority said it had previously asked its OCCF purchasing agency—in November of 1955—to eliminate the exclusive contract with the small group of United States firms for all scrap shipped from the United States, but the note continues:

"In spite of the elimination of these exclusive arrangements, it has now come to the attention of the high authority, that in testimony before the Small Business Committee of the United States House of Representatives, certain United States scrap dealers have charged that the buying practices of the OCCF continue to discriminate against them in favor of the group of American scrap dealers with whom the OCCF previously had exclusive arrangements."

Assistant Secretary Kalijarvi told the House Small Business Committee that the State Department had interceded with the Japanese to open up their market to all United States firms on a competitive nondiscriminatory basis, saying:

"But, although the number of dealers was raised to six, this intercession was unsuccessful in obtaining a restoration of competitive conditions."

The CSC is made up of France, Germany, Italy, Belgium, Luxemburg, and the Netherlands. The Assistant Secretary told the committee that the CSC was formed in July of 1952 "to bring the coal and steel industries of the 6 CSC countries into competition with one another in 1 vast common market," and to eliminate barriers to trade within the CSC countries "such as tariffs, quantitative restrictions, and discriminatory pricing." The Assistant Secretary added that the CSC treaty among the six nations has anticartel provisions which are accurately described as "Europe's first major antitrust law."

Mr. ROOSEVELT. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield.

Mr. ROOSEVELT. I want also to commend the gentleman from Colorado and to agree as well with the remarks made by the gentleman from New York [Mr. MULTER].

I believe the results of this investigation have pointed out once again how important the work of the Small Business Committee is and how productive it can be when all of the Members on both sides of the aisle work together.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield.

Mr. VANIK. I want to associate myself with the remarks of the gentleman from Colorado.

Mr. HILL. Mr. Speaker, I would like to read a paragraph or two of the letter that Mr. Kalijarvi presented as he appeared before our committee. This is not information that happened yesterday. This is information that happened today. And I want to tell the Members of the House that we are happy to report this is a matter that is very important to these United States, it is very important to our friends, the Japanese, as they are working on that particular issue now.

The high authority of the European coal and steel community desires to submit this aide-memoire in response to the request of the United States mission to the high authority.

Then he goes ahead and tells us what they have done to get the countries of middle Europe together on the purchase of scrap steel.

SMALL BUSINESS COMMITTEE HEARINGS ON SCRAP METAL

Mr. MULTER. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield to the gentleman from New York.

Mr. MULTER. Mr. Speaker, I am pleased to associate myself with the remarks of the gentleman from Colorado, the ranking minority member of the Select Committee on Small Business, and at the same time to pay my compliments to the chairman of the committee, the gentleman from Texas [Mr. PATMAN]. They have done a fine job in setting up these hearings, and the results speak for themselves.

I wish also to pay my compliments to the distinguished majority leader, the gentleman from Massachusetts, [Mr. MCCORMACK] for having given impetus to this study and also to say a word of appreciation to the gentleman from Pennsylvania [Mr. GREEN] and the gentleman from New Jersey [Mr. RODINO] for having submitted much material to us that was helpful in this work. The majority leader, Mr. MCCORMACK, has been as interested in this work as the most diligent committee member. We are grateful to him for his aid. The small-business men of this industry owe him a vote of thanks.

As a result of this study the foreign cartels which have been, certainly, if nothing else, hurting small business in this country, will, we hope, adhere to their agreements to permit free competition in their markets. This should give an opportunity to small-business men, some 4,000 of them throughout the country, who are engaged in the scrap metal industry, to participate freely and competitively in exporting their scrap to Japan, the United Kingdom, and the European Continent.

Mr. LATHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. BROYHILL].

Mr. BROYHILL. Mr. Speaker, to bring the discussion back to the business at hand, I should like to rise in support of House Concurrent Resolution 172 and to commend my colleague from Maryland with whom I share the honor of representing the suburban areas of Washington for his authorship and sponsorship of this resolution.

There has been some reference made here earlier that Washington is no different from a lot of other big cities in the country. There is a difference, a big difference, the difference being that Washington is our Nation's Capital, the Capital City of all the people of the United States. It is not necessary for me to remind the Members of this body that the Congress is the city council of the District of Columbia and it is charged with the responsibility of helping in the solution of the many problems confronting our Nation's Capital.

One of the more difficult things in arriving at a solution of these problems is that it is very difficult to confine these problems within the geographic boundaries of the District of Columbia. It only contains about 840,000 people. The District of Columbia, in effect, has grown out into the surrounding States to where we now have to look at the solution of these problems as a metropolitan area as a whole and as a great big city of over 2 million people.

What aggravates that problem further is the fact there are two States involved, in addition to the District of Columbia, and various political subdivisions within those States. Congress has recognized its responsibility in helping us to arrive at a solution of this problem before. Back in the 83d Congress we set up a Presidential Commission to do what this resolution would do here today, but the bill was vetoed, due to an amendment which was placed on the bill by the other body. In the meantime, the various States and communities around here have been desperately trying to arrive at a solution to these problems.

Someone has said that the States of Virginia and Maryland are not spending any money to solve these problems. That is not true. These States have

spent hundreds of thousands of dollars in studies and surveys in an effort to solve the vast problems that seem to be getting worse and worse every day. It is almost impossible to coordinate the various activities into one great big metropolitan community in order to secure a coordinated solution to the problem.

The main purpose of this resolution is to provide a means to coordinate all of these various studies and surveys and the efforts of the people of the various communities to come up with one major overall project to solve the problem.

There is the matter of traffic, there is the matter of bridges, which have been mentioned here today, something about future bridges in the District. There is the matter of pollution and the water supply. Those are very serious problems.

In 1950 the Congress authorized the construction of another airport here for the District of Columbia. There is a great deal of disagreement and argument as to where that airport should be located. I do not want to suggest that this resolution will take any jurisdictional authority away from the Committee on Interstate and Foreign Commerce, but certainly insofar as the location of an airport having an impact on the surrounding community is concerned, I do believe that that matter could be discussed by this committee once it is established. So, let us say that the adoption of this resolution will give us a better chance to arrive at an orderly solution to this problem. I say again that everyone in the country should be concerned with this, because this is the Nation's capital, and as pointed out by the gentleman from Maryland [Mr. HYDE] in addition to that, it would set up a pilot plan which a lot of the metropolitan areas of the country who are experiencing similar problems may follow.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Iowa.

Mr. GROSS. I simply want the RECORD to show that I am opposed to this resolution, and opposed to the taxpayers of all the country continuing to finance projects of this kind in the District of Columbia and the surrounding territory. I thank the gentleman for yielding to me so that I can make my position clear in the RECORD.

Mr. BROYHILL. I assume the gentleman does not object to the Congress as well as the District of Columbia meeting its obligations to assist in arriving at a solution of a problem of this sort.

Mr. GROSS. I have always voted for reasonable appropriations for the District of Columbia for carrying on the Federal city.

Mr. BROYHILL. The main purpose of this resolution is in the interest of our National Capital, which is the Capital of all the people.

Mr. LATHAM. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. JACKSON].

Mr. JACKSON. Mr. Speaker, the current issue of national interest, or certainly one of the current issues, is the controversy which is presently raging over the House Committee on Un-American Activities. That controversy has resolved itself to the point where the future effectiveness of this instrument of the House of Representatives may well be determined within the course of the next few weeks.

The present situation as respects the committee has been brought about by several factors, one of which, as we well know, is the issue of the televising and the broadcasting of committee hearings. I should like to point out to the House that the original order by the Speaker of the House relative to the televising of committee hearings came in 1952 when the House Committee on Un-American Activities was in the city of Detroit, Mich., attempting to determine, if possible, the extent to which the Communist elements in that city had succeeded in infiltrating into the Ford union, the largest union in the country. We had placed on the stand a number of union officials, from top to bottom; a number of the board of directors of that union, all of whom had previously been identified under oath by other witnesses as past or present members of the Communist Party. Midway in the hearings an order was received from the Speaker to cease television broadcast of the hearing.

As has been pointed out by the gentleman from Michigan [Mr. MEADER], that order was rescinded during the Speakership of the gentleman from Massachusetts [Mr. MARTIN], who gave into the hands of the committee chairman the power to decide whether or not televised hearings were to be held. However, the pot is boiling again, and it is my understanding that resolutions have been introduced or will be introduced to abolish the House Committee on Un-American Activities. To that resolution I might say that I lend my wholehearted support, not out of any sympathy for the purposes behind the resolution but in order that the resolution may be brought to the well of this House and that the membership of the House may then have an opportunity to express their confidence or their lack of confidence in the House Committee on Un-American Activities. For my part I am proud of the work done by the House Committee on Un-American Activities and of the disclosures relative to Communist penetration of our institutions and our Government which have been made by this committee.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. JACKSON. I am happy to yield to the gentleman.

Mr. HOFFMAN. Does the gentleman mean that he is in favor of a resolution under which we would be required to answer to a rollcall and identify ourselves as either favoring the continuance of the committee or not?

Mr. JACKSON. I would say to the gentleman that it would give me a great deal of personal pleasure.

Mr. HOFFMAN. Nothing would give me greater personal pleasure, too.

Mr. JACKSON. I certainly hope that the appropriate committee having jurisdiction over this matter will promptly report to the House such a resolution in order that we may determine once and for all whether the House is to have any investigative powers in the area of subversive activities, the Supreme Court to the contrary notwithstanding, or whether we shall, in effect, remove the dome from the top of the Capitol and move it across the street and hang a sign on that beautiful building "Open Under New Management."

On Thursday next, I have a special order to address the House and I issue a most ardent and enthusiastic invitation to those who have traditionally disapproved of and opposed the House Committee on Un-American Activities, quietly it is true—they have not had the fortitude to come into the well and oppose it openly with possibly one or two exceptions. At that time I shall discuss the activities of this committee and, I invite those who are in opposition to its operations to participate in the debate. I think it might bring out some facts of interest not only to the Congress but to the people of the United States. That special order is on Thursday next following any other special orders heretofore entered.

Mr. Speaker, these issues are of transcendent importance to the Congress if it is to retain in the first instance its power to legislate; and in the second instance if it is to continue its inherent power to investigate and recommend remedial legislation.

Mr. LATHAM. Mr. Speaker, I ask unanimous consent that all Members who have spoken on this resolution may have permission to revise and extend their remarks.

The SPEAKER pro tempore. Without objection, it is so ordered. There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from South Carolina, the chairman of the District of Columbia Committee [Mr. MCMILLAN].

Mr. MCMILLAN. Mr. Speaker, I heartily endorse the pending resolution and say to the Members of the House that in order for the Committee on the District of Columbia to properly perform its functions, the functions which have been placed on our shoulders, we must have all the information we can possibly get as to conditions existing in the District of Columbia.

I hope this resolution will pass.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

KLAMATH TRIBE OF INDIANS

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 265 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 469) to authorize the United States to defray the cost of assisting the Klamath Tribe

of Indians to prepare for termination of Federal supervision, to defer sales of tribal property, and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. LATHAM] and yield myself such time as I may require.

Mr. Speaker, House Resolution 265 provides for the consideration of Senate 469, authorizing the United States, to defray the cost of assisting the Klamath Tribe of Indians to prepare for termination of Federal supervision, and defer the sales of tribal property. This bill was reported by the House Interior and Insular Affairs Committee with amendments.

The resolution provides for an open rule and 1 hour of general debate on the bill.

Public Law 587 of the 83d Congress provided for the termination of Federal supervision over the property of the Klamath Indian Tribe, located in Oregon, and the individual members of the tribe. S. 469, as amended, amends Public Law 587 to provide that no sales of tribal property be made until after the adjournment of the second session of the 85th Congress. The bill also extends the final termination date from August 13, 1958 to August 13, 1960. It is believed that during this period the sales of tribal property, which consists of approximately 590,000 acres of commercial timberland, may be arranged at times and in quantities which will not depress the market and reduce the stumpage prices to the Indians.

Another amendment to Public Law 587 provides for the reimbursement of an amount equal to one-half of the expenditures made from tribal funds in carrying out the termination program, or the sum of $550,000, whichever is the lesser amount. The Senate provided $1,100,000 for this purpose.

A further amendment gives preference rights for the purchase of the property to the tribe and to members who stay in the tribe as well as members who withdraw from the tribe. Studies have been conducted which indicate that under the provisions of Public Law 587 70 percent of the enrolled Klamath Indians, residing in 18 States and the Territory of Alaska, will elect to withdraw from the tribe and have their interest in tribal property converted into money and paid to them. The other alternative is to remain in the tribe and participate in a management plan to be set up under the provisions of this law.

S. 469 also clarifies the provision in Public Law 587 which provides for the protection of the rights of members of the tribe who are minors, noncompos mentis or who need assistance in conducting their affairs.

I urge favorable action on the rule so the House may proceed to the consideration of this bill.

Mr. LATHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to speak out of order and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

A FALSE AND WICKED CHARGE

Mr. HOFFMAN. Mr. Speaker, under a dateline of June 10 out of South Haven, Mich., local daily papers carry the statement that Irving Fidelman, South Haven resort owner, while host to the fourth annual Institute on Human Relations at his vacation spot charged that "Michigan leads the Midwest with more than 48 percent of its resorts, inns and hotels admitting they discriminated against Jews."

His tirade brought headlines which may have been Fidelman's purpose.

Not long ago he gained publicity by threatening court action against school officers who permitted the reading of portions of the Bible in public schools. He also may have wanted to advertise his resort.

The News Palladium, of Benton Harbor, headlines read: "Charge Michigan Is Anti-Semitic—South Haven Conference Told State's Record Is Worst.

St. Joseph Herald Press headlines read: "Tourist Discrimination Hit by South Haven Hotel Man."

South Haven's Daily Tribune carried the story on the front page.

From Deputy Attorney General Joseph Sullivan came the comment:

> I am shocked. I had no idea that Michigan had reached this stage of infamy with regard to discrimination in the resort business.

As applied to the six southwestern counties of Michigan, Fidelman's story is false and wicked.

That Sullivan, as one of Governor Williams' law-enforcing officers, knows or should know Michigan has a law prohibiting discrimination. As Deputy Attorney General did Sullivan cite violations or convictions? The press give none. Has Fidelman ever made a complaint? He cites none.

Fidelman's charge as applied to the community in which he lives is not only false and wicked—it is an insult to the members of his race. To accept his charge one must believe that Jews as a race are dumb, ignorant and completely foolish. A silly suggestion. They are known to be exceptionally intelligent, shrewd and alert. Jews do not go where they are not wanted and they flock to southwestern Michigan.

South Haven is almost directly across the Lake from Chicago. To reach it you go by boat across the lake or around its foot over 4-lane superhighways.

You first hit St. Joseph. There Leon Harris, a Jew and one of the finest men alive, operates the Whitcomb Hotel, one of the country's finest. Filled the year around, it is difficult to obtain a room unless advance reservation is made. Most of his guests are wealthy Jews, who come year after year to enjoy the mineral baths and cool Lake Michigan breezes. Just across the river is Benton Harbor. For years an exceptionally pleasant and capable Jewish lady presided at the desk.

Then on to South Haven 23 miles away. That is the community in which Fidelman lives. And 90 to 95 percent of the resort business is operated and patronized by Jews.

Southwestern Michigan plays no favorites, discriminates against no one. I know. I have lived there 80 years. I humbly suggest Fidelman consider what John Heywood wrote more than 400 years ago. I quote: "It is a foule byrd that fyleth his owne nest."

Read it again Mr. Fidelman.

Mr. Speaker, I yield back the balance of my time.

Mr. LATHAM. Mr. Speaker, I am in accord with the statement of the gentleman from Missouri. I am in favor of the resolution.

Mr. Speaker, I have no further requests for time.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

Mr. HALEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 469) to authorize the United States to defray the cost of assisting the Klamath Tribe of Indians to prepare for termination of Federal supervision, to defer sales of tribal property, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, S. 469, with Mr. ROONEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Florida [Mr. HALEY] will be recognized for 30 minutes, and the gentleman from Pennsylvania [Mr. SAYLOR] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida [Mr. HALEY].

Mr. HALEY. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, this is one of the very simple, little Indian bills that we have in our committee every once in a while. I think it is well agreed that this legislation is necessary. Briefly, the legislation does three things. As stated by the gentleman from Missouri, it helps defray the cost and the expenses of the Klamath Tribe or at least to assist them in the termination program which is under way at the present time. It also defers for 2 additional years the termination date.

It provides for private trust companies to look after the interests of the incompetent Indians when the Secretary of the Interior determines the need for

assistance. That, Mr. Chairman, is about what this bill accomplishes.

The bill was on the Consent Calendar and the only reason it is here is because there was some disagreement with the committee's original bill. I believe that the amendments that will be offered today will clear up this slight disagreement entirely and I think everyone is actually in harmony on this bill.

Mr. SAYLOR. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. BERRY].

Mr. BERRY. Mr. Chairman, the Klamath Indian Tribes are in a unique position in that their reservation is located in the heart of a very wealthy timber area in Oregon. The Klamath Indians themselves are now in a unique position in that a large percentage of the Indians at Klamath have been integrated into the white society up and down the coast.

There is a provision in the Klamath treaty which reads as follows:

SEC. 6. The Congress of the United States may hereafter abolish these restrictions and permit the sale of the land so assigned if the prosperity of the Indians will be advanced thereby.

For 20 years the Klamath Indians have been trying to get out from under the jurisdiction of the Federal Government. They want to take this property that is theirs and to go on their own. They have asked, they have appealed, they have voted, they have done everything trying to get out from under the yoke of the Federal Government, but until the 83d Congress they were turned down. This, of course, was not popular in the timber area because they had too much virgin timber within their reservation, they have too many natural resources; so the white people of the area were careful to see that their property was kept under their control and that it was kept under the supervision of the Indian Department.

The above was the situation for about 20 years. Then came a new Commissioner of Indian Affairs, a new commissioner with a new idea that the Indian people were, after all, not too much different from their white neighbors, and that if they were ever going to be anything other than just wards of a Great White Father, they should be given an opportunity to own their own property, to use their own property for their own best interests and for their own economic welfare.

As I said a while ago, the 83d Congress, following the Commissioner's lead, passed this legislation giving them the opportunity to control their own destinies, to take this tribe out of the bondage of socialism where an all-wise Federal Government in Washington shall decide for these people what property they can own, what they shall do with their property, what they shall do with the moneys received from rentals, and so forth. The legislation that was passed by the 83d Congress provided briefly four things.

Mr. ASPINALL. Mr. Chairman, will the gentleman yield?

Mr. BERRY. I yield to the gentleman from Colorado.

Mr. ASPINALL. The gentleman I know does not want to leave the impression that there was a unanimous desire on the part of this tribe to get out from under Federal supervision. What the gentleman is saying is that there was such a large majority that it was sufficient to make those who were studying this problem feel that it was the desire of the Klamath Nation itself. Is that not right?

Mr. BERRY. That is absolutely correct. I thank the gentleman from Colorado for his remarks. The gentleman has a very complete understanding of the Indian problem and he has given a great deal of his time and effort in the solution of many of these problems and programs. I have the greatest respect for his judgment and ability and I appreciate his contribution. There was a division of about 50–50 of those who wanted to get out. But the two different groups got together and worked out this agreement.

The agreement that they worked out and the legislation that we passed as a result of that agreement provided for termination of Federal supervision over the Klamath Tribe and the individual members thereof, and provided as follows:

First. Cause an appraisal to be made of all tribal property showing its fair market value by practical logging or other appropriate economic units.

Second. Give each adult member of the tribe an opportunity to withdraw from the tribe and have his interest in tribal property converted into money and paid to him, or to remain in the tribe and participate in a management plan.

Third. Determine and select the portion of the tribal property which, if sold at the appraised value, would provide sufficient funds to pay the members who elect to have their interests converted into money, arrange for the sale of such property, and distribute the proceeds of sale among members entitled thereto.

Fourth. Cause a plan to be prepared satisfactory to the tribe and the Secretary for management of tribal property retained by those who remain in the tribe. This management plan would be carried on under a trustee, or by the tribe operating as a corporation or other legal entity.

Mr. Chairman, because of the unwarranted delay that came about following the passage of this bill, this amendment has become necessary and I want to emphasize this unwarranted delay.

This bill:

First, extends final determination date to August 13, 1960, 2 years;

Second, gives preference rights to the tribe and the members who stay in the tribe; and

Third, provides a few minor changes some of which I am certain are good, such as more fully protecting the property of minors by going into State court, and so forth.

Mr. Chairman, I want to read from the May, 1957 issue of the American Forest Magazine, which gives, I think, a good illustration of the reason back of the delay in carrying out this law. This magazine has a long article on this Klamath withdrawal. Among other things it says:

It would be helpful now if someone a decade ago had heeded the clear signals of impending liquidation of the Klamath Reservation. Somebody should have started a comprehensive economic study of the Klamath Basin to determine the role of the reservation in the overall economy.

They are not talking about the economy of the reservation; they are talking about the overall economy of the area.

Fundamentally the question regarding disposal of Klamath Indian property are another evidence of the tremendous pressures exerted upon the Nation's natural resources by a rapidly expanding population. Other friction points known to all include such things as the million acres being absorbed annually by new urban, industrial, highway, and other uses; land withdrawals for military use; wilderness needs; loss of valuable agricultural and forest land in flood control projects; drainage of the nesting grounds of migratory waterfowl, to name just a few.

The American Forestry Association believes that thorough study of future needs and planned use of all the Nation's resources to meet these needs is mandatory.

I think that gives you just a little idea of why this delay is required, not for the benefit of the Indians of the Klamath Reservation but because of the desire on the part of these organizations to provide an overall program for the basin and the Klamath Indians; because of the pressure of the chambers of commerce, the wildlife groups, the lumber companies, the sportsmen who want to preserve their flyways, and so forth—all at the expense of the Indians. The telegrams received by the committee were nearly all from these groups, while the telegrams from the Indian people were primarily against the extension of time.

The delay is sought not by the Indians but by these other groups and it will be made at the expense of the Indians.

Mr. HALEY. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Oregon [Mrs. GREEN].

Mrs. GREEN of Oregon. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Oregon?

There was no objection.

Mrs. GREEN of Oregon. Mr. Chairman, I rise in support of the general objectives of the bill now before the House, S. 469, to authorize the United States to defray the cost of assisting the Klamath Tribe of Indians to prepare for termination of Federal supervision, to defer sales of tribal property, and for other purposes, but with certain reservations as to the provisions of the bill in several respects.

I refer the Members of this body to the remarks I made on this floor on May 14, 1957, at the time I introduced a bill, H. R. 7524, to provide minors and incompetents of the Klamath Indian Tribe with certain much-needed protections against excessive guardianship fees and costs.

I noted at that time my deep and abiding respect for the members of the legal profession to whom we all are so deeply indebted. Those enduring fundamental rights and freedoms enshrined in our Bill of Rights owe much to the legal profession for their preservation. My fears, therefore, concerning the amounts which may be charged in guardianship fees and costs do not in any way stem from any mistrust of lawyers. Quite the contrary is true.

But we must be realists. In every profession, in every occupation there are bound to be a few who are so devoid of the deep and abiding faith in ethical principles that they may—if no restraints are placed in their way—act unscruplously toward those too weak to defend themselves.

It is for this reason that I have already proposed that such guardianship fees and costs be limited by a Federal law tying them to the amounts which may be charged, under State law, by guardians of veterans. I hope, therefore, that an amendment to this bill will be offered to that effect or, in the alternative, that the House Committee on Interior and Insular Affairs will promptly schedule and hold hearings on the measure which I have already presented to this body.

Another provision in this bill which is of concern to me is the provision in paragraph (d) permitting, in the case of minors and persons declared incompetent by judicial proceedings, the Secretary of the Interior to designate a person to make the election as to whether the minor or incompetent will remain in the tribe or will withdraw.

This is a dangerous provision. For we must remember that about half the persons involved are minors. The passage of this measure in its present form will give into the hands of the Secretary of the Interior, without any recourse whatsoever on the part of the parents of these minors or the guardians of these incompetents—the power to determine the results of the total tribal election. Such unbounded, uncontrolled power should not be given to the Secretary of the Interior, whoever he may be. We must give to the parents of these minors and to the guardians some voice, some recourse, some appeal from arbitrary action on the part of the Secretary of the Interior or his subordinates. We give to the members of the Klamath Indian Tribe in the present law a choice as to whether they want to stay in or leave the tribe. Let that choice be real, not illusory.

I therefore hope that, with respect to this provision also, an amendment will be offered to safeguard the rights of the parents of these minors and of the guardians of these incompetents, thereby also protecting the rights of the minors and incompetents themselves.

There is a further point that disturbs me greatly, Mr. Chairman, disturbs me as much as any of the others.

I have spoken already of the dangers that may lie in the present statute with respect to the dissipation of the estates of minors and incompetents through excessive guardianship fees and costs.

I have shown that under the fee schedule adopted by the Klamath County bar association, if the estate of a minor is $50,000, the cost in the first year to establish the guardianship estate will run as high as $4,064 where an individual guardian is used. Assuming no withdrawals of capital and a normal return, annual attorney and guardianship fees will consume $1,000 of the estate, so that at the end of 15 years the estate, through guardianship and attorney's fees alone, will have been decreased by $18,064. The minor, out of an estate of $50,000 would have left about $31,000.

And this example is based on the assumption that only the minimum fees will be charged.

It has been estimated that about one thousand members of the Klamath Tribe are minors. If we assume that the estate of each will be $50,000, the total sum involved for all these minors will be $50 million. Under the Klamath County bar association's minimum fee schedule, if individual guardians are appointed, $4,064 of the estates of these Indian minors could be expended the first year in fees and charges merely to establish guardianships for these children.

I have offered a bill limiting these charges. What does the bill before us offer? It would authorize the Secretary of the Interior, as an alternative to guardianship through judicial proceedings in the State courts, to establish trusts for these minors and incompetents. The bill, however, contains no limitation on the discretion that the Secretary of the Interior may use.

In the first place, there is no appeal from his decisions to establish trusts. He can, under it, establish trusts for minors who have parents entirely competent to manage their estates. He can under the provisions of this bill establish trusts for persons declared incompetent and for whom the courts of my State have already appointed guardians perfectly capable of managing the estates of such incompetents.

Word has already reached me that, even before the passage of this bill, the Bureau of Indian Affairs has been negotiating with a few banks in Portland, Oreg., for the establishment of trusts for these minors and incompetents. The terms of the tentative draft of a proposed trust agreement have come to hand, and it contains provisions which cause me concern.

My reservations with respect to the proposed trust arrangements should not be construed as reflecting in any way upon the integrity, stability, or ability of any of the banks involved. Their competence to manage trust funds has been amply proven.

My reservations, however, are with respect to the relations that do and should exist between the Klamath Indians and the Federal Government, the duty which this Government owes them upon termination of supervision, and the fact that under the proposed trust agreement the banks will be called upon to perform duties not always of a fiscal nature.

These Indians are at present wards of the Federal Government. If we permit the Secretary of the Interior to enter into trust agreements with corporate banking institutions to act as trustees for the estates of more than 1,000 minors and the unknown number found to be incompetent are we not thereby substituting one wardship for another wardship?

If well over half of these Indians are to become, in essence, the wards of a few banks rather than the wards of the Federal Government, what have they gained?

As I say, I do not question the ability of any of the banks involved to manage the estates wisely and well from a fiscal standpoint.

I can see where the corporate trustee would be competent on affairs dealing with safe and profitable investments, but is it correct to equate the bank trustee with one who is competent also to counsel on such matters as the education of the minor or the business or profession in which he should train and engage?

Is it wise to leave such decisions entirely to a bank without recourse or appeal on the part of the minor, his parents, or the incompetent's legally appointed guardian?

Yet that is exactly what the tentative draft of the proposed trust agreement would do.

Permit me, Mr. Chairman, at this point to read from that agreement:

> The beneficiary, if of an age and mental capacity to do so, shall be encouraged and given reasonable financial assistance to obtain a satisfactory education, including training in a trade or profession where deemed appropriate.

Since when are banks education counselors? Suppose the young Indian lad wants to go to college and the bank—in its fiscal wisdom—does not believe that he is good college material? Is such a lad—and his parents—to be denied the opportunity of making such a basic decision, so vital to his future, merely because it does not jibe with some trust officer's opinion of educational values?

Let us look at another provision:

> The trustee shall pay to or apply on behalf of the beneficiary at convenient intervals, such amounts of income and/or principal as the trustee in its sole discretion may deem advisable for the maintenance, care, welfare, support, and education of the beneficiary and for those members of his family for whose care he is legally responsible.

These are decisions the agent for the Bureau of Indian Affairs now makes. They will be made by the bank in the future. Is this what we mean by termination of Federal supervision over the Klamath Indian Tribe? Is it not rather the transfer of supervision to the banks?

How long will the trust last? That too is left to the corporate trustee. This is the provision in the tentative, proposed agreement:

> A beneficiary who has attained legal majority shall be given all reasonable opportunity to demonstrate his fitness and ability to manage his own financial affairs in a prudent and businesslike manner. In exercising its discretion with respect to distributions to the beneficiary the trustee shall give full and careful consideration to the judicious distribution of lump-sum amounts at such time or times and in such manner as the trustees may feel will enable the beneficiary to gain experience in the handling of

funds and to assist in determining his competence in that respect.

The term of a trust for a minor could, therefore, be for the life of the minor and is to be determined within the discretion—the unreviewable discretion—of the trustee.

And finally, Mr. Chairman, what of fees? I have made considerable point of this with respect to guardianship fees and costs. The argument has been advanced that the trust device proposed would be cheaper. Perhaps it would, but let us look at what the tentative proposed trust agreement provides:

> The trustee shall * * * have the right and power * * * to pay all taxes, charges, commissions and other expenses of the trust estate, including the compensation for its own services in accordance with the schedule of fees in use by the trustee at the time such fees become payable and reimbursement for all outlays and advances.

I call your attention to the words "including the compensation for its own services in accordance with the schedule of fees in use by the trustee at the time such fees become payable." In effect this means, Mr. Chairman, that the fees will be set by the corporate trustee without any maximum at all in the trust agreement, without any appeal being vested in the beneficiary.

The bill before us contains no safeguards or limitations. I think it should. I hope some are proposed so that the minors and incompetents of the Klamath Indian Tribe will be afforded full protection against dissipation of their estates without, at the same time, sacrificing their rights.

My remarks, Mr. Chairman, are not prompted, as I have already stated by any lack of appreciation of or respect for the vital functions performed in our society either by attorneys or corporate trustees. They are prompted only by a sincere and earnest desire to protect the members of the Klamath Indian Tribe as fully as possible and to accord to them the treatment and the protections they need and deserve.

I hope amendments will be offered to write into this bill such protections. If they are not, I shall continue to work toward securing them.

Mr. HALEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Chairman, there is serious doubt in many informed quarters as to Public Law 587 of the 83d Congress and the feeling is growing among those closest and most unselfish to Indian welfare that this law of the 83d Congress should be repealed. The measure now under consideration is to extend the termination period, which otherwise would have been reached on March 31, 1958, another 18 months. If the present measure should be enacted into law, it is to be hoped that immediately a restudy of the entire question will be commenced and that in the next session of the 85th Congress we will have the opportunity of voting for a measure, resulting from this restudy, and which will assure us that the Indians of the Klamath Tribe will receive full justice in their own interest and in the interest of our country.

Dr. Sol Tax, chairman of the department of anthropology of the University of Chicago, is recognized as one of the outstanding authorities on the American Indians. Perhaps no one is more fully and more intimately informed in this field. Dr. Tax is strongly convinced that the Klamath termination is a disaster and that the consent of the Indians was obtained by threats and bribery. I have just received a letter from Dr. Tax, sent special delivery to my office and which has just been brought to me here on the floor of the House. I know that this will prove of interest to my colleagues and that it will furnish food for thought for them in the present deliberations. Therefore I am taking the liberty of reading the letter, as follows:

> DEAR CONGRESSMAN O'HARA: A quick reply to your request for my reaction to S. 469, which postpones some of the acts of termination for the Klamath Tribe of Indians and provides that not all of the costs of the termination be borne by the tribe.
>
> The Klamath termination (like the Menominee termination) is a disaster. The consent of the Indians was obtained pretty much by threats and bribery; the Indians were really given no choice. The result in both cases is clearly seen now by all who study the situation to be harmful to the interests and futures of the Indians. Fairly prosperous and well-integrated communities that were costing the Government virtually nothing are almost certainly going to be dispossessed of their lands and ancestral heritage and broken up. The Indians will become poor and dependent—a great many of them charges on county, State, and Federal treasuries. The only gainers may be some people who buy forest holdings cheap when their sale is forced by the termination.
>
> The Indians are in a great fright at the prospect ahead. In turn it is their panic which in part brings on the disaster. They are unable to act in any constructive manner while the termination ax hangs over their heads.
>
> What S. 469 does is (1) stay the ax for 18 months, and (2) provide that the Indians only have to pay half the cost of the ax.
>
> Under the circumstances of course S. 469 is good.
>
> But the only really good bill would be a repeal of Public Law 587, 83d Congress, which turns out to have been a tragic mistake. Once that termination act is repealed, the Indians and their friends would work with Congress toward a plan that would be in everybody's interest. The previous system whereby the Government ran all the affairs of the tribe was bad indeed; but termination as enacted turns out to be a cure far worse than the sickness—it is simply killing the patient.
>
> Postponement (S. 469) is obviously necessary, and a bill to repeal Public Law 587 should be introduced and passed as soon as possible. Then the Klamath can begin work on a constructive solution. (Ditto for Menominee.)
>
> With best regards,
> Sincerely,
>
> SOL TAX,
> *Chairman.*

Mr. SAYLOR. Mr. Chairman, the difficulties which existed in this bill and caused the rule have been worked out amicably between the members of the committee, and the amendments which will be offered to the committee amendment are satisfactory to everyone.

I have no further requests for time, Mr. Chairman.

Mr. HALEY. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. ULLMAN].

Mr. ULLMAN. Mr. Chairman, the Klamath Indian Reservation is located in my district in Oregon. It is a very important asset. It was established by treaty in 1864 and today comprises a reservation of approximately 860,639 acres of land, of which we have 745,000 acres forested. Five hundred and ninety thousand of those acres are good commercial timber. There are 115,639 acres of open grazing land, much of it in the Klamath marsh, which is very essential to the flyway for ducks in that area. There are 2,043 members of the Klamath Indian Reservation, about half of them being minors. This is an important asset not only from the point of view of the human resources; it is very important from the point of view of the economy of the area. By act of August 13, 1954, as was referred to by my friend the gentleman from South Dakota [Mr. BERRY], the Klamath Temination Act was passed by this body. It set up certain procedures whereby the reservation would be terminated. The purpose of this bill before us today is to defer the final termination as it was originally set up under the act of August 13, 1954. We are deferring the original sale of the assets until the end of the 85th Congress and are deferring the final sale of those assets until August 13, 1960.

The additional purposes of the legislation is to partially defray the cost of termination due to the fact that this is more or less a guinea-pig program of terminating major Indian reservations and it is taking a considerably longer period of time to get the job done. Therefore we will partially help the Indians defray the cost of that termination. And then, in addition, there are certain technical amendments that have been offered and supported by the Bureau of Indian Affairs in order to help facilitate this termination procedure.

The support for this legislation is nearly unanimous. The only opposition comes from very small segment of the Indians. We have the Klamath Tribe behind us on the legislation; the Tribal Council; the Secretary of the Interior; the Bureau of Indian Affairs; the management specialists who went into the field in order to carry out the terms of the act. The Oregon State house and senate have passed a joint memorial urging this legislation. The Oregon Council of Churches and various wildlife organizations are behind it. I think it is very necessary legislation and I urge its support by the Members of the House.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Minnesota.

Mr. WIER. Much has been said about the great resources of virgin timber, which interests me. Under the terms,

who disposes of this timber? Does the tribe, or the Government, or is it sold on the open market by the individual who holds it?

Mr. ULLMAN. In answer to the question of the gentleman from Minnesota, under the terms of the act of August 1954, the management specialists are having an appraisal made of the assets of the Indians. They are in the process of dividing the forest land and the other land into parcels. Under the terms of the existing law, they will sell those parcels of land to the highest bidder. That is the present procedure.

I am glad the gentleman raised the question because I believe there are certain fundamental defects in the procedure as it is being worked out. This additional time will give this body an opportunity to consider the perfecting of this legislation so that it will not harm the resources of the area, the economy of the area; and so that it will give the greatest benefit to the Indians who actually own this land.

Mr. BERRY. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from South Dakota.

Mr. BERRY. The gentleman indicated that a very small segment of the Indians was in favor of the legislation. Is it not a fact that about 70 percent of the Indians are in favor of withdrawal and want to withdraw?

Mr. ULLMAN. I am glad my friend from South Dakota asked that question. It is my opinion that a great majority of the Indians favor this particular legislation which allows the termination to proceed but which defers the final termination. Many of those Indians who favor this legislation are definitely in favor of withdrawing but desire an orderly termination.

I firmly believe that Congress has an obligation of effectuating such an orderly termination. Enactment of the legislation now before us would give Congress the needed time to both devise and adopt a sound termination program. Such a program would not only mean the full protection of the welfare of the Klamath Indians, but it would also insure preservation of great natural resources.

Mr. HALEY. Mr. Chairman, I yield 4 minutes to the gentleman from North Carolina [Mr. SHUFORD].

Mr. SHUFORD. Mr. Chairman, I take this time to call the attention of the members of the committee to page 3 of the bill, lines 10 and 11. That subsection provides in part as follows:

> Immediately after the appraisal of the tribal property and approval of the appraisal by the Secretary, give to each member whose name appears on the final roll of the tribe an opportunity to elect to withdraw from the tribe and have his interest in tribal property converted into money and paid to him, or to remain in the tribe and participate in the tribal management plan to be prepared pursuant to paragraph (5) of this subsection.

Then I call your attention to this particularly:

> in the case of members who are minors, persons declared incompetent by judicial proceedings, or deceased, the opportunity to make such election on their behalf shall be given to the person designated by the Secretary.

I want to ask the members of the committee why it is necessary that the Secretary of the Interior give his consent to a deceased person. I think it would be well to strike out the comma after "proceedings" and the words "or deceased" and then the comma thereafter, so that it would be clear. If a person is deceased then his property and his rights have descended to his next of kin or heirs at law. Suppose a competent person inherited the deceased person's land, then you would not want the Secretary of the Interior making a decision for a dead person, when a competent person is then owner of the property and could make his own decision. Can the gentleman from Pennsylvania give any reason why the phrase should not be stricken out?

Mr. SAYLOR. I know of no reason why that should not be stricken out.

Mr. SHUFORD. Then I propose to offer an amendment to strike out the comma and the words "or deceased" and the comma appearing thereafter, when the appropriate time arrives.

May I say that the members of the Indian Affairs Subcommitte of the Committee on Interior and Insular Affairs were in accord on this bill. I think it is proper legislation. I believe it is necessary that we have it. I hope the Members of the House will accept the amendments which have been agreed upon also, and that the bill will be passed.

Mrs. GREEN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. SHUFORD. I yield to the gentlewoman from Oregon.

Mrs. GREEN of Oregon. Can the gentleman tell me how many minors there are in the Klamath Tribe?

Mr. SHUFORD. I have been informed there are 1,100 to 1,400. I am not exactly sure. Perhaps the gentlewoman can tell me that.

Mrs. GREEN of Oregon. If there are 2,100 members on the Klamath roll, then more than half of them would be either minors or incompetents for whom guardians or trustees would have to be appointed.

Mr. SHUFORD. I would not say incompetents. I know there are a good many minors there. The provisions of the bill take care of the control of their property during their minority.

Mrs. GREEN of Oregon. I mean the minors and the incompetents, the sum total would be over half the members of the tribe.

Mr. SHUFORD. I will have to rely on the gentlewoman to advise me on that.

Mrs. GREEN of Oregon. Then, in effect, are we not transferring the minors and the incompetents, if there be some, from one wardship to another? So what have we really gained if we transfer a thousand or 1,200 or 1,400 of the minors and incompetents from being wards of the Federal Government to being wards of the banks?

Mr. SHUFORD. I cannot agree with the gentlewoman because I think that when the termination has occurred and the individuals have the ownership of their property the same would be held under a trust agreement and managed pursuant to the terms of that trust agreement. It could not be carried on under the Department. They are relieved of any supervision by the Department of the Interior or the Indian Bureau.

Mr. ASPINALL. Mr. Chairman, will the gentleman yield?

Mr. SHUFORD. I yield to the gentleman from Colorado.

Mr. ASPINALL. What the gentleman is saying is that he believes in local control rather than the control of such property rights from Washington?

Mr. SHUFORD. That is it exactly. We have already passed the legislation for the termination of the supervision over the Klamath Tribe, and this is simply continuing the present operation until it can be terminated.

Mr. HALEY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. POAGE. Mr. Chairman, it had been the intent of the Agriculture Committee to bring up the so-called desert entry bill immediately following the consideration of this bill. The members of the Committee on Agriculture remained here for the purpose of taking that bill up.

As chairman of the subcommittee that heard the bill, I want to say in all frankness I think it is a fair bill. I think it is a bill that should be passed. I think it is a bill that does nothing but justice to a group of people who were evidently inadvertently omitted from the previous law. But, apparently, there are powers in this House who do not want legislation presented simply on its merits. I think we had an example of that in the vote an hour or two ago when, with only two exceptions, we had a solid party vote to take out a provision which would have made cotton mattresses, sheets, and so forth, available to the needy on the same terms we now make processed milk products, or processed grain products available. Apparently, as soon as the gentlemen on my left realized that this might be of benefit to the cotton-producing areas they voted against it. I do not believe in that kind of legislating. I do not believe in legislation that would penalize the gentleman from Idaho [Mr. BUDGE] simply because somebody does not like him or his politics. Earlier this week there was an effort to take a project out of the civil-works bill. Someone said the effort was made because someone else did not like Mr. BUDGE. I thought the project was sound. I voted for it. I think this bill is fair. I supported it in the committee. I am ready to support it on the floor.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. MARSHALL. Surely I never supposed that the time would come in this House when I would have difficulty with some of my colleagues putting words in my mouth. I was rather shocked and amazed a while ago to hear rumors on the floor of the House that I was opposing this bill because my good friend, the gentleman from Idaho [Mr. BUDGE] is

interested in it. That is the furthest removed from any intention that I have. I disagree entirely with the chairman of this subcommittee even though I have a high regard for him. I think this bill is one of the worst proposals that could possibly come before the Congress at this time. It is going absolutely in the opposite direction from what we are trying to do so far as surpluses are concerned. It is directly in opposition to the fundamental principles of the Farmers' Home Administration. For those reasons and for a few other reasons that I expect to go into, I am opposed to the legislation because of the legislation itself. Never have I opposed any legislation upon this floor because of any personality conflict. One of the last persons I would oppose would be the gentleman from Idaho even though I have disagreed and will continue to disagree with the gentleman from Idaho. He is a hard working, conscientious, member of our committee, and he has a right to his opinions. I do resent the fact that anyone is trying to put words into my mouth indicating that I am opposing the bill because of any feeling I have for the gentleman from Idaho. The gentleman from Idaho is entitled to have his bill discussed in the House, I did not attempt to delay it today or any other day. I objected to it on the absent calendar, I felt that the House should be given the opportunity to work its will. To my knowledge no one on the Democratic side has tried in anyway to delay consideration of it.

Mr. POAGE. I am sure the gentleman from Minnesota has good reasons for opposing the bill, and I certainly was not referring to him but I heard on the floor statements earlier this week as to why certain other Members were opposed to the amendment offered by the gentleman from Idaho to the Civil Works bill. I am simply referring to what is in the RECORD of the proceedings of this House.

Why the pending bill was passed over this afternoon, I do not know, but I do know that the leadership on the Republican side has decided that they do not want to bring the bill up. They do not want to bring the bill up before this House. And if they do not want to bring it up before the House, that is perfectly all right with me. The bill does not have any application in either my district or my State. I have no ill will for its author. I consider him a high-class gentleman. But my support of the bill is based solely on my belief that if we are to make FHA loans to homestead entrymen we should treat the desert entrymen just the same.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. BUDGE. May I say to the gentleman from Texas that I very much appreciate the consideration he has given this bill both in the subcommittee and for remaining here on the floor to present the bill on its merits, which is all that I would seek to do and all that he would seek to do.

Mr. POAGE. I know it.

Mr. BUDGE. The gentleman from Minnesota has previously expressed to me his opposition to this measure and as a matter of fact we have had several friendly discussions concerning it. He and I have served and are serving together on the Committee on Appropriations and I know the gentleman from Minnesota is well aware of the fact that I hold him in the highest esteem and that I know of his complete sincerity in his objection to this legislation. And I do appreciate very much the courtesy that has been extended by the gentleman from Texas. I hope at some later date the bill can be presented on its merits for such disposition as the House may see fit to make.

Mr. POAGE. I hope the bill can be considered on its merits. I do not mean to imply that anybody here is fighting it on any basis other than the merits of the bill. I can only express regret that my Republican friends did not see fit to use this formula of merit alone in dealing with the amendment relating to cotton earlier this afternoon. I cite the cotton amendment as an example of bad legislative procedure, and I am sorry that we shall not have an opportunity this afternoon to demonstrate that the majority members of the Agriculture Committee do not engage in such procedures. We were and are ready to try to pass this bill or any other bill we consider fair without regard to whose district would be benefited. If the Republican leadership could agree to proceed we would pass this bill this afternoon, but the Republican leadership does not agree. Maybe they fear we would apply the vindictive rule they applied. If so, their fears are groundless, but I want to make it clear it is the Republican leadership who objects to considering the bill today.

Mr. HALEY. Mr. Chairman, I have no further requests for time.

Mr. SAYLOR. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That (a) the act entitled "An act to provide for the termination of Federal supervision over the property of the Klamath Tribe of Indians located in the State of Oregon and the individual members thereof, and for other purposes," approved August 13, 1954 (68 Stat. 718), is amended by adding at the end thereof the following new section:

"SEC. 27. Notwithstanding any other provisions of this act, no sales of tribal property shall be made pursuant to paragraph (3) of subsection (a) of section 5, or section 6 of this act prior to the adjournment of the 2d session of the 85th Congress."

(b) Subsection (b) of section 5 of such act is amended to read as follows:

"(b) Such amounts of Klamath tribal funds as may be required for the purposes of this section shall be available for expenditure by the Secretary. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as the Secretary deems necessary, but not to exceed $1,100,000 to reimburse the tribe for such expenditures of tribal funds."

(c) Subsection (b) of section 6 of such act is amended by striking out "four years" and inserting in lieu thereof "7 years."

(d) Subsection 5 (a), paragraph (2), of the act is amended to read as follows:

"(2) immediately after the appraisal of the tribal property and approval of the appraisal by the Secretary, give to each member whose name appears on the final roll of the tribe an opportunity to elect to withdraw from the tribe and have his interest in tribal property converted into money and paid to him, or to remain in the tribe and participate in the tribal management plan to be prepared pursuant to paragraph (5) of this subsection; in the case of members who are minors, persons declared incompetent by judicial proceedings, or deceased, the opportunity to make such election on their behalf shall be given to the person designated by the Secretary as the person best able to represent the interests of such member;".

(e) Subsection 5 (a), paragraph (3), of the act is amended by deleting the second proviso and by inserting in lieu thereof the following: "*Provided further*, That if such property is not purchased for public use any person whose name appears on the final roll of the tribe, or a guardian on behalf of any such person who is a minor or an incompetent, shall have the right to purchase, for his or its own account but not as an agent for others (which fact shall be subject to final and conclusive determination by the Secretary), any of such property in lots as offered for sale for not less than the highest offer received by competitive bid; any individual Indian purchaser may apply toward the purchase price all or any part of the sum due him from the conversion of his interest in tribal property; and if more than one right is exercised to purchase the same property pursuant to this proviso the property shall be sold to one of such persons on the basis of competitive bids:".

(f) Subsection 2 (e) of the act is amended to read as follows: "'Adult' means a person who is an adult according to the law of the place of his residence."

(g) Subsection 8 (c) of the act is amended by inserting after "on land owned by" the words "one or by".

(h) Subsection 8 (b) of the act is amended by deleting the language that precedes the proviso and by inserting in lieu thereof "All restrictions on the sale or encumbrance of trust or restricted interests in land, wherever located, owned by members of the tribe (including allottees, purchasers, heirs, and devisees, either adult or minor), and on trust or restricted interests in land within the Klamath Indian Reservation, regardless of ownership, are hereby removed 4 years after the date of this act, and the patents or deeds under which titles are then held shall pass the titles in fee simple, subject to any valid encumbrances:".

SEC. 2. Nothing in the act of August 13, 1954 (68 Stat. 718), shall affect the authority to make timber sales otherwise authorized by law prior to the termination of Federal control over such timber.

Mr. HALEY (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill may be considered as read, be printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Page 2, line 9, after the word "Secretary.", strike out the balance of line 9 and all of lines 10, 11, 12, and 13, and insert in lieu thereof the following: "In order to reimburse the tribe, in part, for expenditure of such tribal funds as the Secretary deems necessary for the purposes of carrying out the requirements of this section, there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, an amount equal to one-half of such expenditures from tribal funds, or the sum of $550,000, whichever is the lesser amount."

The amendment was agreed to.

The Clerk read as follows:

Page 2, line 23, strike out the word "seven" and insert the word "six".

The amendment was agreed to.

The Clerk read as follows:

Page 3, line 17, after the word "That", strike out "if such property is not purchased for public use."

The amendment was agreed to.

The Clerk read as follows:

Page 4, after line 9, insert a new subsection, as follows:

"(g) Subsection 5 (a), paragraph 5, of the act is amended by deleting 'tribe' and by inserting in lieu thereof members who elect to remain in the tribe".

The amendment was agreed to.

The Clerk read as follows:

Page 4, line 13, strike out "(g)" and insert "(h)".

The amendment was agreed to.

The Clerk read as follows:

Page 4, line 16, strike out "(h)" and insert "(i)".

The amendment was agreed to.

The Clerk read as follows:

Page 5, after line 2, add a new subsection as follows:

"(j) Section 15 of the act is amended by changing the period at the end thereof to a comma and by adding 'without application from the member, including but not limited to the creation of a trust of such member's property with a trustee selected by the Secretary, or the purchase by the Secretary of an annuity for such member: *Provided, however,* That no member shall be declared to be in need of assistance in conducting his affairs unless the Secretary determines that such member does not have sufficient ability, knowledge, experience, and judgment to enable him to manage his business affairs, including the administration, use, investment, and disposition of any property turned over to such member and the income and proceeds therefrom, with such reasonable degree of prudence and wisdom as will be apt to prevent him from losing such property or the benefits thereof: *Provided further,* That any member determined by the Secretary to be in need of assistance in conducting his affairs may, within ninety days after receipt of written notice of such Secretarial determination, assert in any naturalization court for the area in which such member resides, that he does not need assistance in conducting his affairs, and the decision of such court shall be final with respect to the affected member's conduct of his affairs."

Mr. SAYLOR. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. SAYLOR to the committee amendment: Page 5, line 20, after the word "within", strike out "ninety" and insert "one hundred twenty"; and on line 21 after "determination," strike the balance of line 21 and all of lines 22 to 25, inclusive, and insert "contest the Secretarial determination in any naturalization court for the area in which said member resides, by filing therein a petition having that purpose; the burden shall thereupon devolve upon the Secretary to show cause why such member should not conduct his own affairs, and the decision of such court shall be final and conclusive with respect to the affected member's conduct of his affairs."

Mr. SAYLOR. Mr. Chairman, this amendment has been agreed to by all the members of the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SAYLOR].

The amendment was agreed to.

The CHAIRMAN. The question recurs on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. SHUFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHUFORD: Page 3, line 10, following the word "proceedings", strike out the comma and the word "or deceased".

Mr. SHUFORD. Mr. Chairman, I think I explained my amendment just a few minutes ago and I hope it will be accepted. I do not see how anyone can make a decision for a deceased person. Someone may explain that to me otherwise, but it is just impossible for me to understand how the Secretary of the Interior can make a decision for a deceased person.

I hope the amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. SHUFORD].

The amendment was agreed to.

Mr. SAYLOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAYLOR: On page 3, line 14, after "member" strike out the semicolon and insert *"Provided, however,* That any member for whom the Secretary has so designated a representative may (on his own behalf, through his natural guardian, or next friend) within 120 days after receipt of written notice of such secretarial designation, contest the secretarial designation in any naturalization court for the area in which such member resides, by filing of a petition therein requesting designation of a named person other than the secretarial designee, and the burden shall thereupon devolve upon the Secretary to show cause why the member-designated representative should not represent the interests of such member, and the decision of such court shall be final and conclusive."

Mr. SAYLOR. Mr. Chairman, this amendment has been agreed to by all parties and is self-explanatory.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SAYLOR].

The amendment was agreed to.

Mr. SAYLOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAYLOR: Page 3, line 22, after "other" strike out the balance of line 22, line 23, and "tary" and the parenthesis on line 24.

Mr. SAYLOR. Mr. Chairman, this amendment is one to correct language which it is necessary to have deleted by the other two amendments that have been adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SAYLOR].

The amendment was agreed to.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. COOPER] having resumed the chair, Mr. ROONEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill S. 469 to authorize the United States to defray the cost of assisting the Klamath Tribe of Indians to prepare for termination of Federal supervision, to defer sales of tribal property, and for other purposes, pursuant to House Resolution 265, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore (Mr. COOPER). Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADJOURNMENT UNTIL MONDAY NEXT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

THE WHEAT QUOTA VOTE: A REPUDIATION

Mr. ANDERSON of Montana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. ANDERSON of Montana. Mr. Speaker, announcement today of the overwhelming vote of the farmers for wheat acreage allotments and quotas should stop dead in its tracks Ezra Benson's crusade to abolish farm price-support programs.

Approximately 5 out of 6 of the wheat farmers voted to retain their programs, in the face of Secretary Benson's current crusade before Congress and on the stump before city groups, to end them.

The vote is a repudiation of the Secretary, and a new demonstration that he does not represent the people in agriculture. If farm people could vote directly on retaining the Secretary or discharging him, he would be ousted by at least as great a majority as was given the wheat marketing quotas.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. ROONEY to revise and extend remarks he may make in Committee of the Whole today and to include extraneous matter therein.

Mr. MASON on the subject of foreign aid and to include a statement.

Mr. ARENDS.

Mr. BURDICK.

Mr. FASCELL and to include extraneous matter.

Mr. BREEDING and to include extraneous matter.

Mr. BARING.

Mr. O'KONSKI in two instances and to include extraneous matter.

Mr. KELLEY of Pennsylvania.

Mr. MULTER and to include extraneous matter.

Mr. ENGLE and to include extraneous matter.

Mr. VAN ZANDT (at the request of Mr. ALLEN of Illinois) and to include a speech made by Mr. VAN ZANDT.

Mr. MILLER of Nebraska.

Mr. FLOOD (at the request of Mr. ALBERT), the remarks he made in the Committee of the Whole today and to include a resolution.

Mr. HOLT and to include extraneous matter.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 17 minutes p. m.), under its previous order, the House adjourned until Monday, June 24, 1957, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

970. A letter from the Chairman, President's Appointed Bipartisan Commission on Increased Industrial Use of Agricultural Products, transmitting the Report of the Commission on Increased Industrial Use of Agricultural Products in its final printed form, pursuant to Public Law 540, 84th Congress; to the Committee on Agriculture.

971. A letter from the Acting Secretary of Agriculture, transmitting the report of the month of May relating to the cooperative program of the United States with Mexico for the control and eradication of foot-and-mouth disease, pursuant to Public Law 8, 80th Congress; to the Committee on Agriculture.

972. A letter from the Administrator, Housing and Home Finance Agency, transmitting a draft of proposed legislation entitled "A bill to provide an interim extension of the voluntary home mortgage credit program"; to the Committee on Banking and Currency.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BURDICK: Committee on the Judiciary. H. R. 5810. A bill to provide reimbursement to the tribal council of the Cheyenne River Sioux Reservation in accordance with the act of September 3, 1954; without amendment (Rept. No. 602). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 6259. A bill to amend the act known as the "District of Columbia Revenue Act of 1937", approved August 17, 1937; without amendment (Rept. No. 603). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LANE: Committee on the Judiciary. S. 1169. An act for the relief of Herbert C. Heller; without amendment (Rept. No. 593). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 1339. A bill for the relief of the Malowney Real Estate Co., Inc.; without amendment (Rept. No. 594). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 2752. A bill for the relief of Frank A. Simmons; without amendment (Rept. No. 595). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 3344. A bill for the relief of Kenneth F. Ailes; without amendment (Rept. No. 596). Referred to the Committee of the Whole House.

Mr. CRAMER: Committee on the Judiciary. H. R. 5365. A bill for the relief of Robert B. Peterman; with amendment (Rept. No. 597). Referred to the Committee of the Whole House.

Mr. POFF: Committee on the Judiciary. H. R. 6166. A bill for the relief of Michael S. Tilimon; with amendment (Rept. No. 598). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 6530. A bill for the relief of Arthur L. Bornstein; without amendment (Rept. No. 599). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 6664. A bill for the relief of Raymond R. Sanders Van Service; with amendment (Rept. No. 600). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 6961. A bill for the relief of Walter H. Berry; with amendment (Rept. No. 601). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 528. An act for the relief of Nicolaos Papathanasiou; without amendment (Rept. No. 604). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 749. An act for the relief of Loutfie Kalil Noma (also known as Loutfie Slemon Noma or Loutfie Noama); without amendment (Rept. No. 605). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 1212. An act for the relief of Evangelos Demetre Kargiotis; without amendment (Rept. No. 606). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASPINALL:

H. R. 8290. A bill to authorize the erection of a national monument symbolizing the ideals of democracy in the fulfillment of the act of August 31, 1954 (68 Stat. 1029), an act to create a National Monument Commission, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CELLER:

H. R. 8291. A bill to amend section 239 of the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. DEMPSEY:

H. R. 8292. A bill to amend the Internal Revenue Code of 1954 to provide that no documentary stamp tax shall be imposed with respect to conveyances to which a State or political subdivision thereof is a party; to the Committee on Ways and Means.

By Mr. ELLIOTT:

H. R. 8293. A bill to make the evaluation of recreational benefits resulting from the construction of any flood control, navigation, or reclamation project an integral part of project planning, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FLOOD:

H. R. 8294. A bill to provide for national scholarships for college and university undergraduate study; to the Committee on Education and Labor.

By Mr. HYDE:

H. R. 8295. A bill to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. JONES of Alabama:

H. R. 8296. A bill to authorize the erection of a national monument symbolizing the ideals of democracy in the fulfillment of the act of August 31, 1954 (68 Stat. 1029), an act to create a National Monument Commission, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. O'BRIEN of New York (by request):

H. R. 8297. A bill to amend Public Law 517, 83d Congress, chapter 558, 2d session, an act to revise the Organic Act of the Virgin Islands of the United States; to the Committee on Interior and Insular Affairs.

By Mr. O'HARA of Illinois:

H. R. 8298. A bill to require that all negotiable securities, paper money, and stamps be plate printed from engraved plates in the Bureau of Engraving and Printing; to the Committee on Banking and Currency.

By Mr. REES of Kansas:

H. R. 8299. A bill to provide Federal contributions and authorize payroll deductions for prepaid health insurance for Federal employees and their dependents, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. SMITH of Wisconsin:

H. R. 8300. A bill to authorize the erection of a national monument symbolizing the ideals of democracy in the fulfillment of the act of August 31, 1954 (68 Stat. 1029), an act to create a National Monument Commission, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WESTLAND:

H. R. 8301. A bill to authorize the erection of a national monument symbolizing the ideals of democracy in the fulfillment of the act of August 31, 1954 (68 Stat. 1029), an act to create a National Monument Commission, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WILLIAMS of New York:

H. R. 8302. A bill to amend title 18 of the United States Code to exempt certain retired officers of the Armed Forces from the operation of section 281 thereof; to the Committee on the Judiciary.

By Mr. GEORGE:

H. R. 8303. A bill to amend the Internal Revenue Code of 1954 to impose import taxes on lead and zinc; to the Committee on Ways and Means.

By Mr. THOMPSON of Louisiana:

H. R. 8304. A bill to incorporate the Blinded Veterans Association; to the Committee on the Judiciary.

By Mr. ANDERSON of Montana:

H. R. 8305. A bill to change the method of computing basic pay for members of the uniformed services, to provide term retention contracts for Reserve officers, and for other purposes; to the Committee on Armed Services.

By Mr. MORRISON:

H. R. 8306. A bill to amend the Internal Revenue Code of 1954 to provide that no documentary stamp tax shall be imposed with respect to conveyances to which a State or political subdivision thereof is a party; to the Committee on Ways and Means.

By Mrs. PFOST:

H. R. 8307. A bill to amend the Internal Revenue Code of 1954 to impose import taxes on lead and zinc; to the Committee on Ways and Means.

By Mr. POAGE:

H. R. 8308. A bill to establish the use of humane methods of slaughter of livestock as a policy of the United States, and for other purposes; to the Committee on Agriculture.

By Mr. REED:

H. R. 8309. A bill to amend the provisions of the Social Security Act to consolidate the reporting of wages by employers for income tax withholding and old-age, survivors, and disability insurance purposes, and for other purposes; to the Committee on Ways and Means.

By Mr. SAYLOR:

H. R. 8310. A bill to provide for the issuance of a postage stamp bearing the phrase "Highway Courtesy Is Contagious"; to the Committee on Post Office and Civil Service.

By Mr. ZABLOCKI:

H. R. 8311. A bill to increase the normal tax and surtax exemption, and the exemption for dependents, from $600 to $700; to the Committee on Ways and Means.

By Mr. COFFIN:

H. J. Res. 383. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. PROUTY:

H. J. Res. 384. Joint resolution granting the consent and approval of Congress to an amendment of the agreement between the States of Vermont and New York relating to the creation of the Lake Champlain Bridge Commission; to the Committee on Public Works.

By Mr. WATTS:

H. J. Res. 385. Joint resolution to authorize the Library of Congress to provide a loan service of captioned motion-picture films for the deaf; to the Committee on House Administration.

By Mr. HAYS of Arkansas:

H. Con. Res. 197. Concurrent resolution to express the sense of the Congress that the United States urge reconvening of the General Assembly of the United Nations to consider the report of its Special Committee on Hungary; to the Committee on Foreign Affairs.

By Mr. JUDD:

H. Con. Res. 198. Concurrent resolution to express the sense of the Congress that the United States urge reconvening of the General Assembly of the United Nations to consider the report of its Special Committee on Hungary; to the Committee on Foreign Affairs.

By Mrs. BOLTON:

H. Con. Res. 199. Concurrent resolution to express the sense of the Congress that the United States urge reconvening of the General Assembly of the United Nations to consider the report of its Special Committee on Hungary; to the Committee on Foreign Affairs.

By Mr. FEIGHAN:

H. Con. Res. 200. Concurrent resolution to express the sense of the Congress that the United States urge reconvening of the General Assembly of the United Nations to consider the report of its Special Committee on Hungary; to the Committee on Foreign Affairs.

By Mr. ZABLOCKI:

H. Con. Res. 201. Concurrent resolution to express the sense of the Congress that the United States urge reconvening of the General Assembly of the United Nations to consider the report of its Special Committee on Hungary; to the Committee on Foreign Affairs.

By Mr. MEADER:

H. Res. 285. Resolution to amend rule XI of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. PORTER:

H. Res. 286. Resolution creating a select committee to conduct an investigation and study of the Canadian Family Allowances Act for the purpose of determining the advisability of enacting similar legislation in the United States; to the Committee on Rules.

H. Res. 287. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 286; to the Committee on House Administration.

By Mr. BURNS of Hawaii:

H. Res. 288. Resolution creating a select committee to conduct an investigation and study of the Canadian Family Allowances Act for the purpose of determining the advisability of enacting similar legislation in the United States; to the Committee on Rules.

H. Res. 289. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 288; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States relative to payments in lieu of taxes to counties containing large areas of federally owned land; to the Committee on Interior and Insular Affairs.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States relative to the use of national forests; to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHLEY:

H. R. 8312. A bill to authorize the President to award posthumously to George Fox, Alexander Goode, Clark Poling, and John P. Washington, Congressional Medals of Honor; to the Committee on Armed Services.

By Mr. BARTLETT:

H. R. 8313. A bill for the relief of Wayne W. Powers, of Walla Walla, Wash.; to the Committee on the Judiciary.

By Mr. BURNS of Hawaii:

H. R. 8314. A bill for the relief of Mrs. Ingeborg Ruth Ohlemann Takeuchi; to the Committee on the Judiciary.

H. R. 8315. A bill for the relief of Tobun Arakaki; to the Committee on the Judiciary.

By Mr. DEVEREUX:

H. R. 8316. A bill for the relief of Warren S. Boggess; to the Committee on the Judiciary.

By Mr FORD:

H. R. 8317. A bill to authorize the Honorable Thomas J. McAllister, judge of the United States court of appeals, to accept and wear the decoration tendered him by the Government of France; to the Committee on Foreign Affairs.

By Mr. KEAN:

H. R. 8318. A bill for the relief of Regina Kraessel; to the Committee on the Judiciary.

By Mrs. KELLY of New York:

H. R. 8319. A bill for the relief of Orville Bindley Ince and Melanese Yvonne Ince; to the Committee on the Judiciary.

By Mr. McINTIRE:

H. R. 8320. A bill to authorize and direct the Secretary of the Treasury to cause the vessel *Edith Q.* owned by James O. Quinn of Sunset, Maine, to be documented as a vessel of the United States with full coastwise privileges; to the Committee on Merchant Marine and Fisheries.

By Mr. TOLLEFSON:

H. R. 8321. A bill for the relief of Elmer E. Johnson; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

292. Mr. McCULLOCH presented a petition of W. H. Preston and 52 other citizens of the Fourth District of Ohio in support of H. R. 4835, which was referred to the Committee on Interstate and Foreign Commerce.

EXTENSIONS OF REMARKS

Postal Pay

EXTENSION OF REMARKS

OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 21, 1957

Mr. MULTER. Mr. Speaker, the following is my statement before the House Post Office and Civil Service Committee on June 21, 1957, regarding the necessity of an increase in the salaries of postal employees:

STATEMENT OF REPRESENTATIVE ABRAHAM J. MULTER OF NEW YORK, BEFORE THE HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE, JUNE 21, 1957

Mr. Chairman and members of this distinguished committee, I appreciate the opportunity you have given me to present my views on the legislation now before you, H. R. 2474.

I appear before this committee to urge the immediate adoption of H. R. 2474, which provides for a salary increase to postal employees. This increase has been long overdue. It will merely allow postal offices to catch up with wage increases that employees in private industry, who have the benefit of collective bargaining, have received over recent years.

I will not reiterate the facts which you have already before the committee. It is well known that the efficiency of postal employees has increased over recent years and their

rise in productivity compares favorably with the gains in efficiency of employees in manufacturing or other sectors of the economy where increases in wages for improved productivity are taken as a matter of course. Many employees in private industry also receive adjustments in wages when the cost of living increases, but postal employees have been subjected during the past year to a reduction in their real take-home pay, as the cost of living increased by more than 4 percent.

The arguments that a salary increase to postal employees would be inflationary appears to me spurious as well as callous. We cannot expect that postal employees will continue to subsidize the cost of Government by accepting low wages which provide for less than a decent standard of living.

Self-interest would require us to improve the wages of postal employees. I do not have to belabor the point that the services of the post office are essential for the operations of the economy. Failure to provide for adequate wage increases for postal employees would have the effect of allowing the postal service to deteriorate through many resignations and the inability of the postal service to recruit new competent employees.

Having worked as a railway mail clerk in the Post Office Department, I know how hard these employees work. Never having lost my interest and contacts with them, I can personally attest to their loyalty and integrity.

Mr. Chairman, yes, adoption of H. R. 7474 is not good only for the postal employees, it is also good for the country. This proposed legislation can no longer be postponed. I repeat—I urge this distinguished Committee to consider this bill favorably.

Again, let me thank you for the privilege of presenting my views.

What the Giveaway Means

EXTENSION OF REMARKS

OF

HON. ALVIN E. O'KONSKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, June 21, 1957

Mr. O'KONSKI. Mr. Speaker, on April 28, 1957, speaking on the Farm Day program at Ashland, Wis., I said:

This country is mortgaged to the hilt at this moment. The $275 billion Federal debt—that you and I owe—equals the full assessed value of all the land, all the buildings, all the mines, all the machinery, all the factories, all the livestock—everything of tangible value—in the United States of America.

The total of American gifts to foreign nations from July 1, 1940 through June 30, 1957, is $130,350,032,000. That is 48½ percent of the $275 billion national debt Senator BYRD mentions.

In 27 years, the American Government has taken away from the American people, by force of tax laws, 48½ percent of their total wealth for gifts to foreign nations. The American Government has given away to foreign governments 48½ percent of America.

The human mind cannot comprehend such a sum as $130,350,032,000.

But break it down a bit.

The estimated population of the United States at present is 170 million. Let us say that this 170 million averages out to about 43 million American families.

One hundred and thirty billion three hundred and fifty million thirty-two thousand dollars represents more than $3,000 for every family in America.

What do you suppose 43 million American families, each with $3,000 to spend, would buy and build in America? There are those who say:

"A Government spending program of $80 billion a year represents that much buying of goods and services from American business. Think how many jobs that creates and how it stimulates the economy. If you suddenly cut off the $80 billion a year that Government is pumping into the economy, you'd create a terrible depression."

Where does the Government get the $80 billion that it pumps into the economy? The Government does not create the money, it takes it away from the people.

If you keep the money from going to the Government, you don't take it out of our economy. You merely change pumpers, so to speak. You leave $80 billion a year in the hands of the people who earned it, the 170 million Americans who will do their own pumping into the economy.

I'd rather pump my own money into the economy, for things I want, than to have Washington politicians take my money away from me and spend it on things I consider harmful to me and my country.

If the $130,350,032,000 which has been taken away from the American people for foreign gifts had been spent by the American people for things they wanted, we would not have inflation today.

Government foreign aid is the primary cause of inflation. The Government pours vast sums of money into the economy, but takes goods out of the economy and sends them abroad. This means that there is more money in circulation than there are goods to buy: hence, the price of all goods and services goes up.

This is the main reason why the purchasing power of the American dollar is now about half what it was in 1940 when the great foreign giveaway began.

A Triumph for Senator Hill

EXTENSION OF REMARKS

OF

HON. JOHN F. KENNEDY

OF MASSACHUSETTS

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1957

Mr. KENNEDY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a very fine article written by Doris Fleeson and published in the Evening Star, Washington, D. C., on June 14, 1957, concerning the legislative achievements of our distinguished colleague, Senator LISTER HILL, from Alabama.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A TRIUMPH FOR SENATOR HILL—POPULAR LAWMAKER WINS $32 MILLION EXTRA FUNDS FOR MEDICAL RESEARCH

(By Doris Fleeson)

A dedicated Senator, riding his personal popularity in the Senate, and putting to a test his feeling that the economy wave has receded from its peak, has succeeded in adding $32 million more than President Eisenhower had called for to the budget. The object was more medical research.

Senator LISTER HILL, the son of a distinguished pioneer surgeon, has been a sponsor of health legislation throughout his Senate career. It was he who first raised the question with the then Secretary of Health, Education, and Welfare Oveta Culp Hobby as to whether the Department had planned to meet the demand for Salk vaccine. It had not foreseen the demand, Mrs. Hobby declared, a statement later quoted in hundreds of Democratic speeches. It eventually was a Hill-sponsored bill which made possible free vaccine for all children between the ages of 5 and 20.

Senator HILL is in a unique position to further his interest in health matters. He is chairman of the Senate Labor and Public Welfare Committee before which such matters come. He also is chairman of the appropirations subcommittee which operates in the same field. He has made the most of his opportunity. Again and again Senate appropriations for medical research have outrun the proposals of the administration.

There is a certain amount of sublimation in HILL's devotion to the cause of health. Early in his career in the Senate he was chosen as whip under the leadership of Alben Barkley, at that time majority leader. The young Senator had a bright career before him, which certainly would have landed him the position of majority leader by now. It might have taken him to higher things.

The growing discord over the question of civil rights settled HILL's fate. He recognized that he could not sponsor Democratic civil-rights legislation as majority leader and remain as a Senator from Alabama. He resigned his post as whip. Since then he has concentrated on health and welfare matters.

HILL had been heard to say that he would not try to increase the health research appropriations unless he felt a change in the Senate's economy mood. In a number of instances lately that mood has been exhibited more fiercely than in the House. His judgment was apparently correct. There was not a single vote against his amendments.

On the contrary, even some of the most avid economists in the body practically fell over themselves in praising HILL. In the RECORD the praise appears fulsome enough to have done appropriately for a departed colleague of whom no one will say unkind things.

HILL went right down the line reaching for increases, playing no favorites among the enemies of mankind. Cancer research got an added $11.6 million. Mental-health problems received $4.2 million more, heart disease research $5.3 million extra, arthritis

and metabolic diseases $5.6 million additional, and neurology and blindness $5.1 million more.

Although voting to support Senator HILL at every turn, the Senate salved its conscience in the matter of economy by voting more than $96 million less for the total labor-welfare appropriation bill than President Eisenhower had requested. It even managed to reduce the amount appropriated by the House by $38 million or so.

But for Senator HILL, no one would say him nay. It was a triumph not only over the winds of economy which have been blowing through the Congress, but over an administration he thinks has been lagging in promoting medical research.

Results of Questionnaire

EXTENSION OF REMARKS
OF
HON. JOE HOLT
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. HOLT. Mr. Speaker, I recently sent out to the people of the 22d Congressional District, which consists of Hollywood and the San Fernando Valley, my Fifth Annual Legislative Questionnaire. The response I received was better than ever before and most gratifying. Approximately 50,000 returns have been received. Inasmuch as it is always difficult to ask questions on all legislation pending before Congress and the many governmental problems facing us today, I received hundreds of additional comments and letters from my constituents expressing their viewpoints and recommendations. Tabulation of the answers has now been completed.

The results are as follows:

	Percent
I. Please check 3 of the following 6 items you think should be cut most in Federal spending:	
Number of Federal employees	78
Construction of Federal public works, (highways, dams, airports, buildings, etc.)	19
Federal aid to States, municipalities, school districts, and local public agencies	44
Foreign aid	80
National defense	11
Federal aid to agriculture and small business	30
II. To put the Post Office Department on a pay-as-you-go basis, the administration has recommended two alternative proposals: (1) Combine airmail and first-class mail with a 5-cent rate. All first-class mail would then be sent by the fastest available means, whether by air, rail, or otherwise; or (2) increase first-class mail 1 cent to a 4-cent rate. Both plans include increases in 2d- and 3d-class mail rates (advertising matter, newspapers and magazines). I favor:	
Plan (1) above	32
Plan (2) above	47
Neither plan and no increase	16
No opinion	5

	Percent		
	Yes	No	No opinion
III. Do you favor—			
(1) Reduction of Federal taxes even though it unbalances the budget?	32	63	5
(2) Our Government inviting to this country for conference the heads of foreign states with whom we do not agree?	65	30	5
(3) Requiring all new National Guardsmen and Army reservists to take 6 months' training on active military duty?	68	17	15
(4) Congress authorizing the admission of a greater number of immigrants to the United States from Hungary?	31	58	11
(5) A special tax reduction or some type of special relief for small business?	70	20	10
(6) Union welfare funds being more closely regulated by the State and Federal Governments?	89	8	3
(7) Labor unions being allowed to make contributions to political campaigns by using funds from their regular membership dues?	12	83	5
(8) Including private business in partnership with municipalities, States, and the Federal Government, for the development of water uses in irrigation, flood control, power production, domestic and industrial uses?	51	32	17
(9) The sale and barter of farm surpluses to Communist nations?	30	61	9
(10) The "tight money" policy of the Federal Reserve Board, which is currently being used to check inflation, recognizing that this policy tends to restrict the availability of mortgage money?	65	21	14
(11) Stronger antitrust laws, including closer Government scrutiny of merger proposals of large companies?	76	14	10
(12) Controls by the Federal Government of rents, wages and prices in peacetime?	13	83	4

Which Party Is Best Able To Reduce Taxes?

EXTENSION OF REMARKS
OF
HON. LESLIE C. ARENDS
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. ARENDS. Mr. Speaker, the most recent Gallup survey of public opinion, published a few days ago, raised the question as to which party—Democrat or Republican—is best able to reduce taxes?

According to this survey, 25 percent of the voters said there was no difference between the two parties in that respect; 24 percent believed the Republicans were best able; and, 35 percent believed the Democrats to be.

But what does the actual record show? The true test is not in words of promise but in acts of accomplishment. The measure of ability is not in what one promises to do but in what one actually does.

The record shows that it was the Democrat Party which, in 1913, enacted the first Federal income tax. Since that time there have been 15 increases in individual income taxes. The Democrat Party is responsible for 14 of them and the Republicans for only 1.

The record also shows that during this same period since the adoption of the 16th amendment to allow income taxation, there have been 12 reductions. We Republicans brought about 9 of them, and the Democrats only 3.

The record further shows that it was the Democrat Party which placed people of low income under the Federal tax law by reducing the exemption for the married from $2,500 to $1,000 and for the single from $1,000 to $500. During the 2 years of Democrat rule approximately 45 million people were added to the tax rolls.

That is the actual record. It speaks for itself. The people need only to be reminded of it. With deeds, not mere words, as the measure they will have conclusive proof that the Democrat Party is traditionally the party of taxing and spending, and the Republican traditionally the party of economy and less taxes.

Foreign-Aid Program

EXTENSION OF REMARKS
OF
HON. NOAH M. MASON
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. MASON. Mr. Speaker, the official total of the amount of American money spent or invested in foreign countries between July 1, 1940, and July 1, 1956, is $109 billion. If we add the amount appropriated for the current fiscal year ending June 30, 1957, it will amount to approximately $115 billion.

In addition to this huge sum of $115 billion, we left behind us billions when we brought the boys home at the end of World War II—billions of dollars worth of supplies, machinery, barracks, roads, and even scrap. We have also reduced our tariffs for the entry of foreign goods made with cheap labor at the expense of American industries and American workingmen's jobs.

Mr. Speaker, the three countries that have benefited most by our soft-headed American largess are Great Britain, Russia, and Nationalist China. Of these three, today only Britain is still a solid ally, and Britain is gradually breaking away, as shown by her Egyptian fiasco and her present attitude toward trade with Communist China, the direct opposite to our attitude.

Mr. Speaker, I ask those Members of Congress who have been voting for these giveaway billions: What have we bought with your squandering of the American taxpayers' hard-earned dollars? Why continue this foolish effort to buy friends? Why not spend some of these billions for the benefit of our own people, or leave the dollars in the American taxpayers' pockets for them to spend, or save, or use for their own special welfare?

These are questions that should be faced and answered by each and every Member of Congress. Let us face the facts as they are today. Let us take care of our own people first. Charity should begin at home.

Minerals Program a Joke

EXTENSION OF REMARKS
OF
HON. WALTER S. BARING
OF NEVADA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. BARING. Mr. Speaker, on June 4 the Department of the Interior presented to the Congress, in an obviously jocular vein, what it chose to call the administration's long-range minerals program.

I use the term "jocular vein" advisedly because the program was a joke, and a cruel one at that, in view of the plight the American mining industry finds itself in. Thousands of miners already out of work, and thousands of others facing unemployment may be a joking matter with the Department of the Interior but I say it is a deadly serious problem that this Congress needs to face up to and provide remedies.

The program presented by the Department of the Interior calls for affirmative action in respect to only two minerals—lead and zinc—and the author of the lead and zinc so-called remedy must have had his tongue in his cheek when he wrote it.

It calls for an inadequate sliding scale import tax schedule in lieu of present inadequate tariffs on these two minerals.

But the real joker in the proposal, Mr. Speaker, is that the President already has legislative authority to accomplish what the Department is asking the Congress to do. Yes, even more than that, the President has adequate legislative authority to accomplish even more for lead and zinc than it is proposed that Congress act upon.

I call the membership's attention to the fact that section 7 of the Trade Agreements Extension Act of 1955 provided that the President has power to, and I quote, "Take such action as he deems necessary to adjust the imports of such articles to a level that will not threaten to impair the national security." And, Mr. Speaker, I submit that there is more than adequate historical background for a determination of foreign imports that threaten to close down our domestic mines, which in the language of the statute is a situation that does "threaten to impair the national security."

And, Mr. Speaker, if that is not sufficient authority, under section 1364 of the United States Code annotated—the so-called escape clause—where articles are being imported into the United States in such quantities and I quote "either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products" the President has authority, and I again quote from the statute, "to make such adjustments in the rates of duty, impose such quotas, or make such other modifications found to be necessary to prevent or remedy serious injury to the domestic industry."

In other words, Mr. Speaker, the Department of the Interior in the case of lead and zinc has asked the Congress to assume the responsibility of making a decision for the President.

The Girard Case

EXTENSION OF REMARKS
OF
HON. USHER L. BURDICK
OF NORTH DAKOTA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. BURDICK. Mr. Speaker, the action of the Government in this case is another black page in our national history. The exact situation is this: We are quartering our Armed Forces in Japan for the protection of Japan. Our soldiers were ordered there by the administration and are not there from their own choice. An area was set aside for the camp of our soldiers, and in this area the jurisdiction over crimes committed by our men remains with the army of occupation. In this manner, and that alone, can the constitutional rights of our soldiers be protected.

Girard was on guard duty at the time of this incident, and did exactly what he was ordered to do. He was to protect the area from trespassers and was provided with arms to enforce that protection. Some Japanese citizens came into the area and were ordered to leave. When they did not do so Girard, then on duty, fired a few shots to scare these trespassers off, and one of these shots accidentally killed a Japanese woman who came into the area and was a trespasser there.

If the shooting was not justified the United States Army court-martial had authority to make an inquiry, which it did, but because of the Status of Forces Treaty, held that he should be turned over to the Japanese for trial.

Whatever the outcome of this matter finally is, it means that we have tried to abandon one of our soldiers in time of trouble, and in order to appease the Japanese we have thrown this soldier to the wolves.

This action clearly demonstrates that under the policy of appeasement followed by this administration and the two preceding ones we are willing at any time to sacrifice one of our men if the Japanese Government cannot be conciliated in any other way.

The people of the United States should be advised on whose order Girard was turned over to the Japanese, and should further be advised that our altruistic policy toward the Japanese should be stopped at once, and every last soldier of the United States be withdrawn from Japan. The people of this country will never stand for any policy that keeps our soldiers in a foreign country for the protection of that country, and at the same time permits them to be tried by a foreign government.

When the NATO treaty was up for approval in 1953, under which it was agreed that members of our Armed Forces abroad should be tried by the NATO government of the countries in which our troops were stationed, I raised a protest and my statement appeared in the CONGRESSIONAL RECORD. But the appeasement slant to our foreign policy was so strong that it had no effect, and the treaty was approved.

The President stated that the agreement to have our troops tried in foreign countries is justified because that gives us the power and jurisdiction to try foreign soldiers in this country. What a statement. The President must have known that this country does not have to have foreign soldiers here for our protection, and that no foreign troops are here except a few for observation purposes. What a trade this was. To trade away the constitutional rights of thousands of our men in the Armed Forces for a chance to try foreign soldiers in this country—when we have none to try.

If we are powerless or spineless enough to abandon Girard, then we should immediately remove every last man of our Armed Forces in Japan. The same doctrine applies to any other foreign country where this treaty is in force. If we cannot protect our own men it simply shows just how weak and vacillating this great country has become, and it is time to call a halt to such procedure. Judge McGarraghy has called a halt on it by issuing an order enjoining the Army from turning Girard over to Japan. If the administration could muster up courage enough to follow this judge's decision we could end this whole squabble.

As court decisions are now coming out, this decision of Judge McGarraghy's is a bright spot in the present obviously confused judicial pronouncements.

Who Got It?

EXTENSION OF REMARKS
OF
HON. ALVIN E. O'KONSKI
OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. O'KONSKI. Mr. Speaker, who got the money from our grand give-away program? Here is a list of where the money went since June 30, 1945.

But the spenders say we had to do it to stop communism. Yet if you look at these figures closely you will see that the two biggest Communist countries, Russia and Yugoslavia, got a big chunk. Yes; the givers want to see communism prosper, too, on taxpayers' dollars.

Here is a list of who got it:

Aid to international organizations	$1,126,325,000
Aid to unspecified areas in Europe	11,393,213,000

Aid to unspecified areas in Asia and in the Pacific	$3,112,623,000
Aid to unspecified areas in Near East and Africa	1,746,502,000
Aid to "other" unspecified areas	402,612,000
Aid to unspecified areas in South and Central America	327,945,000
Afghanistan	4,254,000
Albania	20,444,000
Argentina	198,000
Australia	12,539,000
Austria	1,061,196,000
Belgium-Luxembourg	582,773,000
Belgian Congo	17,000
Bolivia	49,576,000
Brazil	26,914,000
Britain (England, Wales, Scotland, Northern Ireland, Isle of Man, Channel Islands)	3,763,332,000
British Bahamas	68,000
British Borneo	216,000
British East Africa	90,000
British Africa (unspecified place)	15,000
British Guiana	170,000
British Honduras	439,000
British Leeward and Windward Islands	163,000
British Gambia	34,000
British Gold Coast	174,000
British Hong Kong	4,043,000
British Jamaica	807,000
British Malaya	695,000
British Malta	1,333,000
British Nigeria	50,000
British Sierra Leone	7,000
British Singapore	55,000
Burma	20,956,000
Cambodia	39,827,000
Canada	3,964,000
Ceylon	238,000
Chile	11,644,000
China—Taiwan	2,200,208,000
Colombia	9,496,000
Costa Rica	14,972,000
Cuba	1,705,000
Czechoslovakia	185,827,000
Denmark	247,634,000
Dominican Republic	2,223,000
Ecuador	9,710,000
Egypt	50,363,000
El Salvador	5,675,000
Ethiopia	9,872,000
Finland	3,522,000
France	4,333,707,000
French Africa (unspecified place)	299,000
French Algeria	107,000
French West Africa	13,000
French West Indies	17,000
Germany (East)	17,318,000
Germany (West)	3,793,559,000
Greece	1,677,991,000
Guatemala	31,770,000
Haiti	15,460,000
Honduras	6,734,000
Hungary	5,855,000
Iraq	8,902,000
Iran	187,839,000
Iceland	29,758,000
India	216,334,000
Indochina (unspecified as to whether aid went to Cambodia, Laos, or Vietnam)	111,317,000
Indonesia	118,476,000
Ireland	18,346,000
Israel	251,151,000
Italy	2,574,663,000
Italian Somaliland	43,000
Italian Trieste	48,155,000
Japan	2,360,520,000
Japanese Ryukyu Islands	221,133,000
Japanese Islands—miscellaneous	13,000
Jordan	28,988,000
Korea	1,497,449,000
Laos	65,502,000
Lebanon	17,208,000
Liberia	$6,981,000
Libya	27,931,000
Mexico	105,685,000
Morocco	780,000
Nepal	3,549,000
Netherlands	911,239,000
Netherlands New Guinea	23,000
Netherlands Surinam	526,000
New Zealand	2,300,000
Nicaragua	11,701,000
Norway	236,482,000
Pakistan	223,552,000
Palestine	175,000
Panama	10,802,000
Paraguay	9,102,000
Peru	17,437,000
Philippines	$763,531,000
Poland	364,978,000
Portugal	18,217,000
Portuguese India	349,000
Portuguese Africa (unspecified place)	61,000
Rhodesia and Nyasaland	1,000
Saudi Arabia	4,255,000
Soviet Union (since 1946)	465,434,000
Spain	116,638,000
Spanish Canary Islands	16,000
Sudan	6,000
Sweden	87,143,000
Switzerland	1,803,000
Syria	1,026,000
Tangier	$17,000
Thailand	52,000,000
Tunisia	339,000
Turkey	495,068,000
Uruguay	2,183,000
Venezuela	2,207,000
Vietnam	316,325,000
Yugoslavia	734,304,000

Yes, folks, that is the way your money goes—where it goes nobody knows. Supposedly, it is all to stop communism—yet even the Communists are getting billions from our great and grand giveaway. Thank the Lord I never voted for this.

P. G. & E. Co., Already Second Largest Beneficiary of Fast Tax Writeoff, Can Get the Same Deal on the Trinity River Project as Idaho Power Co. Got on Snake River

EXTENSION OF REMARKS
OF
HON. CLAIR ENGLE
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. ENGLE. Mr. Speaker, in presenting its proposal to build the Trinity River powerhouses, the Pacific Gas & Electric Co. has indicated a great solicitude for the Federal taxpayer. The P. G. & E. Co. says that it will pay $65 million in Federal taxes over the 50-year period of the proposed contract. While thus asserting that it will fatten the United States Treasury to the tune of $65 million, the P. G. & E. is holding fast tax writeoff certificates amounting to $179 million. This has been calculated as a benefit to the P. G. & E. Co. to the tune of $270 million over the normal 33-year amortization period, and $880 million over 50 years. The actual loss to the Treasury of the United States in interest that the Federal Government will have to pay on borrowed money because of the P. G. & E. Co.'s tax payments being reduced during the writeoff period is about $220 million. The difference in the value to the company and the actual cost to the Treasury is explained by the fact that the value to the company is based on the commercial interest rates for money, whereas the actual cost to the Treasury is less due to the fact that the Federal Government borrows its money at lower rates of interest.

On the basis of the compilation submitted by the Office of Defense Mobilization, the Pacific Gas & Electric Co. is receiving the second largest subsidy in the Nation in accelerated tax depreciation certificates. Since the P. G. & E. Co. has indicated such an interest in saving the taxpayers money, I wish to suggest that this company forfeit the subsidies it has received, thus saving the Treasury the amount of $220 million. The Idaho Power Co. set a good precedent for the P. G. & E. last week. This is four times the cost of construction of the Trinity River powerhouses of $55 million.

It will be recalled that the Idaho Power Co. led the Federal Power Commission to believe that its construction on the Hells Canyon project would not cost the Federal Treasury a cent. Now we find out that the Idaho Power Co. secured the benefit of accelerated tax depreciation certificates, which would, unless forfeited, cost the Federal Treasury, according to the estimate of Russell C. Rainwater, Chief Accountant of the Federal Power Commission, the sum of $83.5 million and will yield a benefit to the Idaho Power Co. in the amount of $339.3 million over a 50-year period.

Since the Idaho Power Co. secured a writeoff under what the Office of Defense Mobilization calls normal procedures, what is to prevent the P. G. & E. Co., if granted the right to build the Trinity River powerhouses, from making a similar application? If such an application is made and certificates granted covering 60 percent of the cost of the power facilities, the actual cost to the Federal Treasury would be about $43 million, and the value of the tax writeoff to the Pacific Gas & Electric Co. would be $170 million over the 50-year contract period, or more than 2½ times the $65 million the company claims it will pay the Federal Government in taxes. It is apparent from these figures that in such event the Federal Government would save no money whatever, but actually would lose money by turning the powerhouses on the Trinity over to the Pacific Gas & Electric Co.

Social Security for Disabled Workers

EXTENSION OF REMARKS
OF
HON. AUGUSTINE B. KELLEY
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. KELLEY of Pennsylvania. Mr. Speaker, in less than a fortnight, on July 1, a very important new program

of Government goes into effect—one of the most far-reaching changes in social security since the original act was passed in 1935.

It is the program for full social-security benefits for workers age 50 or older who are considered completely and permanently disabled. This program was authorized in the social-security amendments we passed last year. Under the previous law, a disabled worker could obtain a "freeze" of his work record to protect the future size of his benefits from being reduced because of enforced long unemployment, but he still had to wait until age 65 to collect benefits.

I want to make it clear that although I think the law we passed to begin payments of the benefits at age 50 or thereafter for the disabled was a great advance—an outstanding improvement in the social-security concept—nevertheless, I do not believe the program is being administered in a way to assure benefits to all those for whom they were intended.

Many disabled persons, I am afraid, will find themselves almost strangled to death in red tape in trying to qualify. Others will probably become so discouraged by the runaround and the buck-passing and the delays and the heartbreaking rejections that they will give up and write the whole thing off as a cruel deception.

I have called for a Congressional investigation by the House Committee on Ways and Means into the whole administration of the disability features of social security, based primarily on the unhappy experiences of so many disabled persons trying to get a "freeze" of their work records, as allowed by law. My bill, House Resolution 195, states as its premise that the way the program is now being administered "results in a denial of the benefits of this program to virtually all workers except those who are completely paralyzed."

That is because the administration interprets the wording in the law to mean that if a disabled person could do any work at all—whether or not such work would normally be available to him—he is not completely disabled. The fact that he cannot do the work for which he is trained or cannot be trained into doing some other skilled work, does not seem to be taken into account.

DISABLED WORKERS SHOULD APPLY IMMEDIATELY

I have protested such rulings in many cases, and just this week succeeded in having one decision reversed for a man in Westmoreland County. But more than a half year was spent on getting this one decision reversed. Usually the administration turns the applicant down almost automatically on the first step, and the disabled person has to appeal to get any consideration at all. Often, the worker is so discouraged he does not even bother to appeal. My advice to any disabled person who believes himself to be eligible under the disability program is to expect a turndown the first time around, and then appeal immediately.

In any event, it is important for disabled persons covered by social security, whether they are under or over 50, to apply for a "freeze" of their work record. It is important, too, that they do this as soon as possible. Unless they apply by July 1, or unless Congress acts by then to enact a House-passed bill now pending in the Senate, such persons could lose many years of valuable retroactive benefits. The bill referred to would extend the deadline for applying for the "freeze" until July 1, 1958, but anyone who is possibly eligible should not count on that and should apply immediately.

While protesting bitterly the delays and redtape in certifying eligibles for the disability program, I have also called upon the Department of Health, Education, and Welfare to take a more effective course of action in helping disabled persons who do not qualify for full disability certification. I have demanded that they help retain those whose disabilities are not considered sufficiently complete to prevent their doing substantial work.

In this connection, I am now assured by Secretary Marion B. Folsom that they are going to work with the vocational rehabilitation agencies of the States to refer for training individuals too disabled for their regular jobs but still physically able to do substantial work if properly helped and trained.

Status-of-Forces Agreements

EXTENSION OF REMARKS
OF
HON. A. L. MILLER
OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. MILLER of Nebraska. Mr. Speaker, as you know, a great wave of indignation is sweeping the Nation as a result of the gross and inexcusable handling of the William Girard case in Japan. This wave of resentment will grow and grow unless the judgment of a patriotic and courageous United States judge is upheld and the jurisdiction of Japan is denied.

Mr. Speaker, the Vice President of the United States yesterday inserted in the CONGRESSIONAL RECORD the text of a resolution recently passed by the Legislature of Nebraska. I appreciate the action of the Vice President in this important matter.

I am informed that several other State legislatures have taken similar action with more to follow. This is a healthy sign. I want to call your particular attention to these two paragraphs from the Nebraska resolution as follows:

Now, therefore, be it

Resolved by the Legislature of the State of Nebraska, That the members of this body deplore the arrangements now existing which make service in our Armed Forces abroad a hazard by depriving our servicemen, their civilian components, and dependents of each, of the rights and guaranties of our Constitution when they are stationed in foreign lands; and be it further

Resolved, That we respectfully urge the Congress of the United States to immediately enact legislation now pending or similar legislation which will secure a modification or denunciation of the provisions of the NATO Status-of-Forces Treaty and all other agreements which surrender to foreign nations criminal jurisdiction over our servicemen.

In addition to the resolution from the Nebraska Legislature, Mr. Speaker, I have received many letters from individuals and from civic and patriotic organizations concerning the Girard case.

Individuals and organizations alike have expressed in no uncertain words their amazement and their abhorrence of the fact that such a series of circumstances could exist under the Constitution and the flag of the United States of America. "How?" they ask, and "Why?"

Mr. Speaker, I have received from my distinguished colleague, the gentleman from Ohio [Mr. Bow], some statistics which have surprised, disturbed, and horrified me.

These statistics point up the fact that reports from the military show a great lag in time. The last figures are for November 30 of last year.

Figures from January 1 to November 30 of 1954 indicate that during 11 months 7,416 charges against American servicemen were filed in courts of foreign nations, in the following year ending November 30 the figure was 10,249 and last year 14,394.

Of the more than 32,000 cases, the number brought to trial was 9,054. In 7,691 cases the defendant was fined or reprimanded. In 425 cases the defendant was sentenced to confinement but the sentence suspended. In 305 cases the defendant was jailed.

The report showed 88 persons confined as of last November 30, 50 of them in Japan.

Mr. Speaker, of the letters and resolutions I received, few commented on the guilt or innocence of young Girard. That matter is entirely beside the point. If he is innocent, he should be cleared of all charges. If he is guilty of a crime, he should be punished accordingly.

However, I feel, and all my Nebraska correspondents feel, that he should be tried under the laws of the United States and not by the courts of Japan.

This young man was on duty in Japan, not of his own volition but because he was assigned there by the Department of Defense. To my mind, it is absolutely unthinkable that there should be any question of jurisdiction.

This boy—innocent or guilty—is an American. The Constitution and the flag must follow him around the world, wherever he is assigned. To do otherwise, is to sell him down the river.

It is argued that he will get a fair trial in a Japanese court. That may or may not be true. In this particular case, able to save face, it might be the Japanese court would lean over backward to be lenient. That, again, is beside the point.

Americans have grown up under a certain set of rules. We have our own way of life. Foreign nations have their ways of life. The precepts upon which our various nations were founded are

different. What is the common custom of one is abhorrent to another. What may be a major crime in one nation is a misdemeanor in another.

Some nations chop off a man's right hand on conviction of petty theft. Some nations have no right to trial by jury. Some nations presume that the charged defendant is guilty until he proves himself innocent. Some nations hold a cow to be holy and sentence to death a man who kills a cow.

It is inconceivable to me that we have bartered away some of the rights on which this Nation was built.

I maintain with all my strength it is wrong to delegate any of the power of the United States of America to any nation on earth. I will do all in my power to protect not only the rights of William Girard but of every American boy who, as a member of the Armed Forces, is an official representative of our country.

The Status of Forces Agreements must be modified for the protection of our servicemen. They should be modified now.

Dupont Plaza Center a New Service Facility Concept at Miami, Fla.

EXTENSION OF REMARKS
OF
HON. DANTE B. FASCELL
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. FASCELL. Mr. Speaker, almost every literate person in our country is aware of some of the tremendous strides taken by Florida in the past decade.

Florida has created innumerable opportunities for the aggressive businessman.

Florida is welcoming a swelling tide of new residents, some 2,500 new families each week.

During the past year hundreds of new industries, employing thousands of personnel, have established in Florida.

This extraordinary progress has resulted in unprecedented construction in Florida. In the first quarter of 1957 alone building permits in Dade County, Fla., increased 24 percent over the like period of 1956.

The eyes of the entire construction industry of the United States are centered on Florida—not only for the reasons I have set forth, but also because of a most unusual development now under construction.

In Miami, Fla., there is presently building the only project of its kind in the world—an $11 million triple purpose structure designed to serve the general public, the construction industry, and all its collateral or associated services, and the great body of building product manufacturers in the United States.

This great project, the Dupont Plaza Center, will house under a single roof the 120,000-square-foot Architects International Institute of Building Products, the 70,000-square-foot "Number One Miami" office building, and the 301-room Dupont Tarleton Hotel.

This mammoth structure will be 625 feet in length and 14 stories high. It will spread more than 1,000 feet along Biscayne Bay, and on its water side will provide safe anchorage for many yachts.

Despite many engineering problems that beset this enterprise, due in some measure to its location in downtown Miami, on Biscayne Bay, its developers have pursued their plans with determination, and have recently announced that the Architects International Institute and the "Number One Miami" office building will be opened in November of this year, while the Dupont Tarleton Hotel will open its doors before Christmas of 1957.

This is a tremendous accomplishment. Florida is grateful to the group of Miami businessmen who conceived, developed and carried to fruition this entire project.

I have been informed by Mr. Clinton T. Wetzel, executive vice president of the Dupont Plaza Center, that between 800 and 1,000 building product manufacturers will have permanent displays of their products and services in the Architects International Institute portion of this structure. They will exhibit between 8,000 and 10,000 items of interest to everyone, from the owner of a single family dwelling to corporations planning the erection of new industrial structures.

Another important and far-reaching aspect of the Dupont Plaza Center's operation is spelled out in the fact that provisions have been made to include exhibits of foreign manufacturers of building products, and to extend both a warm welcome and special assistance to foreign visitors, particularly those from our good neighbor Latin American nations.

Indicative of the scope of planning applied to this unique venture are some of the completely new services that will be available to its guests, exhibitors, and tenants.

This structure, already considerably more than one-half completed, will have facilities to stage conventions and banquets of up to 1,200 persons. It will have closed circuit television. There will be color television in each hotel room. A pool of secretaries fluent in Spanish, French, Italian, and German will be available for those who require their services.

The most comprehensive library of architectural, engineering, and construction publications in our country will be housed in this center.

The leading technicians of both this country and foreign nations will lecture before professional groups in the center's auditorium.

There is actually only one other facility in the world that remotedly approaches the concept of Dupont Plaza Center. That is the "Bouwcentrum" in Rotterdam, Holland. This is purely a center for the maintenance of technical information about construction. It was established to aid in the reconstruction of Rotterdam and other bombed-out cities of Europe.

However, the Bouwcentrum" is limited in both its services and its physical facilities. Its display area, for instance, is less than one-half that of the Architects International Institute of Building Products. Further, it does not have office space and it does not have a hotel.

The importance of the Dupont Plaza Center may be further judged by the eminent professional societies which will move their headquarters to this structure when accommodations are ready next fall.

Seven of these societies, all well-recognized and authoritative in their various fields, will have their offices in the Dupont Plaza Center. I am advised they include the following:

The American Institute of Architects, Florida South Chapter.

The Florida Architects Association.

The Florida Engineering Society.

The American Institute of Decorators.

The Producers Council, Inc., Miami Chapter.

The Associated General Contractors of America, South Florida Chapter.

The Home Builders Association of South Florida.

When this project is completed and functioning to the fullest planned extent, it will be to the construction industry what a legal reference library is to an attorney.

I have every belief that this new enterprise will also be a fruitful source of employment for many of Florida's new residents.

I am aware that many of our new citizens bring with them unusual skills in the construction and allied fields. I am certain that the advent of Dupont Plaza Center will act as a notable stimulant to the construction industry in addition to supplying a substantial quota of jobs under its own operation.

My optimism for the future potentials stems from my belief that almost every manufacturer who is exposed to the dynamic progress of Florida, will make it his business to aggressively pursue the expanding business possibilitites in Florida. I feel certain that many of the 800–1,000 manufacturers of building products who will exhibit their merchandise in this new facility, will eventually establish local production in Florida.

Increase in REA Interest Rates

EXTENSION OF REMARKS
OF
HON. J. FLOYD BREEDING
OF KANSAS
IN THE HOUSE OF REPRESENTATIVES
Friday, June 21, 1957

Mr. BREEDING. Mr. Speaker, I have been studying with great concern the President's proposal to increase interest rates on REA and other Government loans.

New legislation which has recently been sent from the Bureau of the Budget to the House Committee on Ways and Means calls for the rate of interest to be set on the average yield on marketable Government securities which, in my mind, is worse than setting it on the average interest rates. President Eisenhower's plans for raising interest rates in the form of a recommended bill which

was sent to the Congress recently would wipe out all legal ceilings and let the administration set interest rates on all Government loans as high as they want.

The proposed bill, sent from the Bureau of the Budget, provides that the interest rate shall be fixed by the Secretary of the Treasury, and takes into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the loans made to the Department or Agency. The interest rate on any loans hereafter made by any department or agency shall not be less than the interest rate paid by the Treasury on its borrowings, if borrowed from the Treasury at the time the interest rate on the loan is fixed.

For example, a 3-percent interest rate maturing bond issued by the Federal Government now, for maturity in 40 years, sold for 88 cents on the dollar recently. Thus the market yield is about 3½ percent on the $88 for which such a bond can now be bought. So in order to figure the market yield you ignore the 3-percent rate printed on the bond and look at what the market is paying on the bond. The lower the price goes the higher the rate of interest.

There is added to the above increased interest rate an additional amount deemed adequate to cover administrative expenses and probable losses to the extent consistent with the purposes of the loan program. The Secretary of the Treasury will set the interest rate insofar as it will be consistent with the loan program. This is a very flexible arrangement. In the case of REA they have estimated that this would be one-half of 1 percent on the loan at the present time. From all indications it is reasonable to expect that this new interest rate would double the interest cost on REA loans. In fact it could go higher if inflation continues. The financial page of the New York Times recently carried an article from the financial lenders working for even higher interest rates.

The money markets fixed interest rates at the highest point since the 1933 bank holiday.

The Rural Electrification Administration of the Department of Agriculture today furnished me the following figures by telephone:

REA applications for loans pending as of June 20, 1957

United States total electric loans, 106	$177,000,000
United States telephone loans, 160	64,000,000
Kansas total electric loans, 2	1,400,000
Kansas total telephone loans, 13	2,700,000

Just consider the added interest cost on these pending REA applications if this bill is passed. With this proposed increase in interest rates think what it would mean to my great State of Kansas and the Nation as well.

I am deeply concerned about the far-reaching implications of this proposed legislation. In fact, it prompted me to wire the President and make a plea for consideration to protect Mr. and Mrs. Rural America.

JUNE 19, 1957.

The PRESIDENT,
The White House,
Washington, D. C.:

Legislation has recently been introduced in Congress to increase interest rates on future loans for REA and similar projects. Hundreds of rural and urban families of my district and America would not have rural electrification or telephone communications today if it had not been for this law. Cheap interest rates have made these necessities available to many of us. This is only a means of starting a program to increase interest rates for many Americans. I am opposed to any increase in interest rates on these loans or any similar future loans. I hope that you see fit to protect Mr. and Mrs. Rural America.

Education: A National Responsibility

EXTENSION OF REMARKS
OF
HON. WAYNE MORSE
OF OREGON
IN THE SENATE OF THE UNITED STATES
Friday, June 21, 1957

Mr. MORSE. Mr. President, I ask unanimous consent that there be printed in the CONGRESSIONAL RECORD a very able address by our colleague, the Senator from Pennsylvania [Mr. CLARK], delivered before the Mid-Atlantic Regional Conference of the President's Committee on Education Beyond the High School.

I wish to say one only has to read this speech to know full well why this great liberal from the State of Pennsylvania was elected in the 1956 election. I commend the Senator from Pennsylvania for what I think is a most excellent speech, and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

EDUCATION: A NATIONAL RESPONSIBILITY

(Address by Senator JOSEPH S. CLARK, Democrat, of Pennsylvania, the Mid-Atlantic Regional conference, the President's Committee on Education Beyond the High School)

I am glad to be able to meet today with so many thoughtful persons concerned with the State of higher education in America. No problem facing our country is more worthy of your attention.

The problems which confront higher education are a part of the general crisis in education—and I want to discuss today the question of support for education generally, not merely education beyond the high school.

I need not outline the dimensions of the crisis—you have all seen the figures. We can agree that the President spoke truly last January when he described the task facing education as unprecedented in its sheer magnitude. He called rightly for the greatest expansion of educational opportunity in our history. And this committee, in its interim report, stated the inescapable statistic—that twice as many Americans were born in 1956 as in 1936.

For higher education, that means at least twice as many students in 1975 as in 1955—considerably more than that if we succeed in getting into college all the young people who should be there.

All this is numbers. But because the numbers have already engulfed us, the quality of education—which is what counts—has been falling for some time now. In any case, our standards of education are not nearly good enough. We are a sluggish giant educationally.

Let's look around us. We see hundreds of thousands of children getting only a part-time education; hundreds of thousands more are being cheated of effective instruction because classes are too large; hundreds of school buildings are in use that should be torn down as obsolete; thousands of teachers are employed who do not meet minimum qualifications, and in none of these aspects is the situation improving. The teacher shortage is moving upward—it is still acute in the lower grades, has reached the high schools, and is beginning to be felt in the colleges.

In the higher college and administrative levels, salaries will not buy even as much of the world's goods as they bought in 1904. And at no level, as Mr. Ruml has shown, have teachers' salaries kept pace over the past half century with those of coal miners or auto workers or electrical workers. Thus the teaching profession has been losing its drawing power and thousands of our ablest teachers have left, and are leaving. As for education beyond the high school, few communities, engrossed as they have been in building elementary schools and high schools, have truly comprehended the compelling need for new facilities and expanded programs. I am not at all sure that, as a Nation, our plans to handle the flood of children who will be of college age in the next few years are much more adequate than were our plans for the lower grades some years ago, despite what we should have learned from that experience.

That is the sorry picture as we look around us.

I do not believe that all this has come about because the American people have ceased to value education as they once did. Americans know, whenever we stop to think about it, that all of the goals of our society rest on education. Our material progress; the self-realization and happiness of the individual; the success of democratic institutions; the richness of our culture; the good life both individually and collectively; above all, the grasp and mastery of the challenges and the dangers that confront us around the globe, all depend on the development of skills, of knowledge, and of wisdom in our schools.

Yes, Americans still believe in education. We have not become so material minded that we are deliberately neglecting the institutions that mold the mind and spirit of America. We do want to provide our children with greater and greater educational opportunity.

Then, you may ask, why aren't we doing it? The answer, I am afraid, is this: We have allowed ourselves to succumb to a myth, a piece of folklore that has been sedulously propagated, for both altruistic and not-so-altruistic reasons, the myth that education is a State and local problem, that, therefore, the problem should be dealt with locally, and national action through the Federal Government would be improper or immoral.

The breakdown in education is not local in its scope, it is nationwide. It affects every State, almost every school district, and the vast majority of American homes. Its impact is not only on the local community but on the national economy, the national well-being, the national security. If Soviet communism outstrips us in education, particularly scientific and technical education, as they show every sign of doing already—that could determine our national survival. Does anyone contend that whether we survive is exclusively a State and local problem too?

Of course, there is a deep national interest in the breakdown of education. Let's admit it and start from there. That is why the White House Conference on Education was held. That is why this President's Committee was held. That is why this President's

Committee was established. That is why, as a nation, we must either solve the problem through national action or satisfy ourselves that it is being, or can be, solved without it.

What we are talking about, of course, is dollars. Billions of dollars must be obtained from somewhere and poured into education—for buildings, for teachers, for better pay, for scholarships and fellowships to induce the fullest development of talent. We may debate just how much money is needed and how it should be used—but these are secondary. The basic issue is how to get the billions. It is a matter not of education, but of finance; not for educators primarily but for politicians and statesmen. And the basic issue, of course, is whether we tap our great and rising national resources on a national basis for the purpose.

It is my considered judgment that we must. The State and local governments simply cannot do what has to be done—certainly not with the speed and decisiveness that the national interest makes imperative.

I have been a local official, and I am intensely aware of the handicaps that communities are up against.

Some localities—not many, but some—lack the will and the leadership. We may decry this, but it is a pragmatic fact. You can say, "That's their funeral." Sure, but it's ours, too.

Where there is all the will in the world, there is still the severe limitation of local tax systems, which rest so heavily on the property tax. Our property tax is relatively inflexible, relatively less productive, and grossly unfair. Property is unevenly distributed; some school districts have a railroad or a powerplant to tax, some nothing but farms or houses. The location of large concentrations of taxable wealth bears no necessary relation to the location of children who need to be taught. Intangible wealth is rarely taxed at all. As the national income rises, the property tax base responds but slowly and unevenly.

State aid is only a partial answer. Wealth is also spread unevenly among the States. Some of the poorer States make the greatest educational effort in terms of the proportion of their per capita income spent on schools—and yet their schools are still below the average. State tax systems are inflexible, too, and in some States are hedged in with constitutional restrictions.

Finally, there is the fact of tax competition. In last Sunday's New York Times is the story of how General Motors and other industrial concerns are threatening to locate outside the State of Michigan if new corporation taxes are imposed to meet the needs of education. The president of General Motors says they have already been giving preference to low-tax States. The companies have also been avoiding metropolitan centers in the State and locating in low-tax suburbs. So the State or the school district that sets out to outstrip its sister States or districts in education does so at its peril. And with threats like these big taxpayers can beat down educational advance.

All this explains why State and local action has not been adequate up to now in dealing with our educational crisis. It explains why it will be even less adequate to cope with what is ahead. And, therefore, as long as we succumb to the myth that it has to be done that way, so long as we consider Federal action improper or dangerous or immoral, so long will we fail the children of America—and national safety itself.

Now, is there any good reason Federal resources shouldn't be employed? I don't think so. But, like other Members of Congress, I've been reading my mail, and I regret to tell you that the opponents of Federal aid to education have succeeded in raising three very live and formidable bogies.

I've been trying to lay these creatures to rest with my constituents, and I'd like to try to lay them to rest here.

The first bogey is Federal control.

There is no question but that this Nation is virtually unanimous in its opposition to Federal control of education. I know of no responsible person who wants the Federal Government involved in matters of curriculum or teacher training or educational policy in any sense. The President has denounced any such idea; so has every Member of Congress who has spoken on the subject; so, I think, has every educator.

There have been Federal-aid programs in other fields which involved Federal control; but that has been by deliberate choice, where uniform standards have been essential to the success of the program. To say that Federal aid must mean Federal control, whether or not we will it, is to deny our very capacity in America for self-government. Of course, we can do what we unanimously want to do. To say otherwise is to have no faith in democracy.

The bills which Senator MORSE and I have introduced, for Federal aid to public schools and for Federal scholarships, have as strong a prohibition against Federal control as anyone has found possible to write. If a stronger prohibition can be drafted, we will accept it.

I am sure that among those lobby groups who are agitating loudest against Federal aid are those who don't put any more stock in this Federal control bugaboo than I do. They aren't really concerned about keeping faith with Thomas Jefferson or about the sanctity of the 10th amendment. They simply believe that if they kill off Federal aid, the money won't be spent at all, for the reasons I've given—or, to the extent it is spent, it will be raised through a different kind of taxing system.

This difference in taxing systems is perhaps the most important point of all to understand. Once it is understood, it frames a new kind of issue—the issue of essential fairness.

The Federal tax system is progressive; State and local systems are not. The Federal Government collects most of its tax revenue—more than 80 percent—from taxes which are related to ability to pay—mainly personal income taxes and corporation profit taxes. State governments, on the other hand, collect most of their revenue from taxes which pay no attention to ability to pay—more than half from sales and excise taxes. And local governments, including school districts, collect almost all of their revenue from the property tax.

As a consequence, State and local taxes fall twice as heavily on the lower income groups as do Federal taxes, and Federal taxes fall twice as heavily on upper income groups. And the trend is even more in the same direction; State tax systems are getting less, not more, progressive. To finance a bold program in the field of higher education, the Governor of my State is proposing a tax of a penny a bottle on soda pop, which is one of the least progressive taxes conceivable but about all that is permitted under our constitution.

So this issue of Federal aid raises another question: Not just whether the States and local communities alone can and will support public education but whether they should—whether these added billions that we need for education should be raised through sales taxes and property taxes or through income and corporation taxes on the time-honored basis of ability to pay. That's the essential issue: Which tax system do you prefer? I believe the Federal tax system is far superior from the point of view of equity and fairness.

Now we come to the second bogy.

This is the notion that the Federal Government has been usurping State responsibilities, and that the States and cities are lying down on the job and not putting forth the effort they should.

The facts are just the opposite. Since 1946, Federal taxes and other receipts per capita, in constant dollars, have gone up 16 percent. But State and local taxes have gone up 3 times as fast, by 49 percent. While the Federal debt actually declined in the last decade, States and localities have been forced to more than triple their debt, and many have reached the limit of their borrowing capacity. So it can truly be said that far from lying down on the job in this postwar period, the States and localities have strained themselves to a greater degree than has the Federal Government. The Federal taxpayers have indeed succeeded in pushing an increasing proportion of the total taxload onto the people who pay the greater share of property taxes and sales taxes, and when there are efforts now to push it further I doubt that supposed constitutional principles are in every case the most important motivation.

The third bogey in the public mind is that President Eisenhower's budget is so large that it threatens the strength of our economy, threatens our free-enterprise system with destruction.

This, of course, is economic nonsense, and vicious nonsense at that. From the economic standpoint, taxes are nothing more than the means for diverting expenditures from the private to the public sector of the economy. Taxes are the means—and the only means we have—for buying public schools and public roads, and all the rest.

I think it can be demonstrated that it is the public sector of the economy, not the private, that has been neglected. How many of you have seen sleek new $3,000 motorcars idling away at congested intersections because we have not built the roads they need? How many of you have seen fine new subdivisions of $30,000 houses, with a bedroom for every child, but the same child with barely room to sit down in school? Huge private investments in our fine old cities are threatened because of lack of public action to clean up congestion, blight, and slums. Our rivers are turned into life-killing sewers for lack of public control and public expenditure. And so it goes.

Yet I have just come from Capitol Hill, and I can tell you that oldtime Members of Congress say the pressure for cutting taxes has never been so great as now.

They tell us that Federal aid to education at any level is apt to be a casualty of this tax-cutting fever. In other words, we are in the midst of witnessing an epic of national shortsightedness.

There is a short-term and a long-term reason for this disaster. The short-term reason is this: When the Secretary of the Treasury attacked the President's budget at the time it was sent to Congress, the President didn't defend it. In fact, he virtually disowned it. For a long time, nobody at all defended the President's budget—it was abandoned on Congress' doorstep like an unwanted foundling. I had the temerity to speak a kind word about it during a visit to Pennsylvania, and not even the Republicans defended me. All I got for my pains was twice as much antitax mail. By the time the President came to the defense of his budget, it was too late; the pressure against it was unstoppable.

The long-term factor in the present situation is the incessant propaganda campaign that has been waged nationwide against taxes. It carries a simple three-word theme, "Taxes are bad." You see it in the cartoons of the taxpayer clad in a barrel or with his pockets inside out. You see it in more subtle ways: I picked up a serious study of taxation the other day and found the word "burden" seven times on the first page. Try an association test on your friends. Ask them to repeat the first word that enters their heads when you mention "taxes." Most of them will automatically say "high" or "cut." It will be one man in a thousand who will say "services" or "benefits." People have

been conditioned, like Pavlov's dog, to hate taxes.

Now, I am not being partisan when I say that, unfortunately, for 20 years one of our great political parties lent its weight to this propaganda—by campaigning unendingly on the theme that Federal taxes were too high and the taxpayer was being scalped unnecessarily. Millions of people came to believe it. They were convinced that when the Republicans came in, things would be different. Now they feel they have been betrayed. They are frustrated and they are angry. There may be a question as to whether it's fair for them to blame their Senators and Congressmen, but there is no question as to their mood. They sure feel like taking it out on somebody.

This is the national frame of mind that all of us who believe in public education must work to counteract. The time is short and the prospects may be slim, but we need to launch right now a concerted campaign to save Federal aid to education from being ground to death under the wheels of the economy drive that is underway.

Where the national interest lies, it seems to me, is clear. We need to tap our national resources on a national basis to raise the standards of education in America to where they ought to be—in the elementary schools, in the high schools, and beyond the high schools. It cannot be done without Federal action. It can be done without Federal control. We should not limit our vision nor apologize in our approach. We should proceed with a clear conscience to give a broad, general lift to education at all levels—not as an emergency matter but permanently.

At a time when we have the highest national output, the highest national income, the greatest corporate profits, the highest wage levels of any nation in the history of the world—when we are spending more on highways, more on cars, more on European travel and Caribbean cruises, more on alcohol and tobacco, more on pleasure seeking of every kind, it is ludicrous to say that we do not have the resources to do what needs to be done in the field of education.

This is a moral issue. Complacency and materialism are our enemies.

Let us measure the national need—and then let us fulfill it.

The Lutheran Missionary in the Middle East

EXTENSION OF REMARKS

OF

HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 21, 1957

Mr. VAN ZANDT. Mr. Speaker, it was a distinct privilege to address the annual convention of the Eastern District of the American Lutheran Church at Chambersburg, Pa., Tuesday, June 19, 1957, on the subject, "The Lutheran Missionary in the Middle East."

The address follows:

THE LUTHERAN MISSIONARY IN THE MIDDLE EAST

(Address delivered by JAMES E. VAN ZANDT, Member of Congress, 20th District of Pennsylvania, at the convention banquet of the Eastern District, American Lutheran Church, at Chambersburg, Pa., June 19, 1957)

The responsibility of religion in our time is probably without precedent, with the result that the duties of evangelism today are at least as great as they were in the days of Paul of Tarsus.

It happens that as I speak the prime target of the great struggle that engulfs mankind is the Middle East.

Those who speak of the Middle East in the councils of the great powers may emphasize oil or geography or military strategy.

But the key to the issues is a moral one, and its solution in the end will be moral and religious.

The question at the root of the multiplicity of middle eastern troubles, so far as the American Lutheran Church is concerned, is simply this:

How can religion help?

It is my conviction that it is impossible to be a good evangelical American Lutheran in any area of the world without being at the same time in the best sense an American ambassador of good will.

Yet I wish I could convince myself that the problem is as ordinary as that.

For what is involved are postures and attitudes, tolerance and understanding, in the most delicate of all human relationships, namely, man's dignity, his fiery sense of independence, his pride, and finally his need.

Religion can help today as it did in the days of early Christendom, by fulfilling man's gnawing spiritual aspirations.

But because of the character of the world of our time, the dominance of the economic phases, of modern life everywhere, spiritual aspirations must be promoted without indifference to people's other needs, such as shelter, nourishment, and their medical wants.

One cannot help but be impressed by the splendid record of humanitarian service rendered by American Lutheran missionaries and institutions in the Holy Land, in Ethiopia, in Hong Kong, and New Guinea, and in Indonesia.

It is reported that Lutheran world action, in its world mission, is expending an excess of $1 million a year.

In addition to some 60,000 baptisms annually and the operation of over 1,400 mission schools with an enrollment of some 81,000 students, Lutheran hospitals and clinics treat nearly three-quarters of a million patients.

This impressive record of service to humanity is a tribute to the faith and zeal of Lutheran missionaries all over the world.

As a veteran of two world wars and brief service in the Korean conflict, I have seen countries in time of war and upheaval.

There is of course the stirring and sometimes terrifying situation of a whole nation in a state of convulsion.

Terror may fill the streets and uncertainty seize the governments.

Epidemics may be prevalent or threatening and violence unreasoned and uncontrollable may take hold of entire populations, destroying all semblance of law and order.

In the Middle East, more especially than anywhere at the moment, the potential situation is charged with unlimited possibilities.

It is because of this that I emphasize the important role played by American missionaries as they strive to give a positive answer to the Biblical question, Am I my brother's keeper?

It is my opinion that no American missionary in our time, anywhere in the world, represents himself alone or represents merely the religious denomination that sent him.

We must remember, all of us, that in a very particular and a special sense the American missionary represents the United States.

The missionary in the Middle East today may arrive there with only the Gospels and spiritual dedication to his work.

But whether he realizes it or not, he arrives also as an American and his role unofficially, but most importantly, is that of an ambassador of good will.

Forty years ago that might not have been so much the case.

But today every American in Egypt, in Korea, on Formosa, in Africa and Asia, yes, anywhere on the face of the globe, is regarded by the native population as a living image of Uncle Sam.

He is constantly watched with a scrutiny in every nook and corner of the earth that will not miss his every gesture, the smallest comment, or the faintest expression of opinion or criticism.

This is because the world divided is engaged in what is termed "a contest for the minds of men."

In this contest the high point is the spiritual value.

In this contest, too, is also the position of the United States as a Nation before mankind.

What they are asking themselves in the Middle East more hotly at the moment than anywhere else is, Are Americans sincere?

In other words, shall they believe the Kremlin or the Americans?

They know that the Middle East is the most strategic piece of real estate on earth.

It is the heartbeat of Europe, Asia, and Africa.

Napoleon gambled on it and lost to Nelson and the British Navy.

In losing he had to give up his ambitions for Africa, India, and the Far East.

The Middle East is the wall that the Soviet Union is now seeking to climb because on the other side rests two-thirds of the world's oil supply.

If the free world should permit the Middle East to pass under Communist domination it would mean the crippling of NATO and paralysis for the industrial capacity of Western Europe and Great Britain.

It could mean catastrophe for the free world because it would give Russia precisely what she has been seeking since she dreamed of warm-water ports in the days of Peter the Great.

Recently Russia attempted to establish a Communist government in Greece.

She toyed desperately with Turkey in an effort to get control of the Dardenelles.

Elsewhere she sought domination by all manner of modern tricks of infiltration and the manipulation of situations of poverty and need.

Of course, it is not the function of the religious missionary to perform the role of the official or even the unofficial diplomat.

It is not the function of the missionary to come to Egypt or the Holy Land or Iraq or Pakistan or Saudi Arabia or Iran or Syria with the Bible in one hand and the job of winning political battles in the other.

Nevertheless, the Lutheran missionary, his sermons, his teachings, his medical ministrations, his contacts, his schools, his orphanages, and his clinics represent a connecting link between the people of the United States as well as Lutheranism and the people in the area.

He will be judged by these people not only as an exemplary Lutheran but also as a representative of the United States.

Everything he does will operate for or against not only himself, his religious preaching and organizational work, but also for or against his country.

And in this hour of the world's struggle between the spiritual values of the Western World and the materialistic values of Soviet communism, the missionary from the West is certainly charged with a powerful responsibility.

But there is another reason with a downright diabolical background that invests with special significance the role of the missionary in the Middle East.

This has to do with the Soviet weapon of religious infiltration for political ends.

For tragic as the situation is, it is nevertheless one of the most melancholy facts of our time that the Russian Orthodox Church in the Soviet Union is not so much a church as it is a political arm of the Soviet Union.

The Kremlin has taught itself to recognize that a prostituted church manipulated by the Soviet regime as it manipulates all elements in the total state, can become a creature of value for subversive activity.

Thus religion may be used to tie together the slave world everywhere.

During World War II it was announced that a so-called understanding had been reached between the leaders of the Russian Orthodox Church and the Soviet Government.

Since that time and as a result of the much-heralded understanding the Russian Orthodox Church has emerged as a political agent of Soviet intrigue and infiltration.

If I were asked: What are the problems of the Lutheran missionary in the Middle East? I would say that this is one of the most pressing.

But while I can pose the problem before you I cannot provide you with its solution or with advice on how to go about counteracting this insidious type of religious prostitution.

This is a field of endeavor in which, as a Congressman, I find I must place in the capable hands of American missionaries of all religious faiths.

They have the experience abroad and the skill in dealing with anti-Christian religions that strive to halt or cripple their missionary activities.

The Lutheran missionary will know best how to summon the kind of delicacy of approach, the manner of warfare, the perhaps refined form of spiritual combat that a situation fraught with so much evil demands.

I know the Lutheran Church is an old and tested hand and its missionaries will know their way around in any struggle with a religious swindle so obvious as a Kremlin-dominated church trying to make capital out of Middle Eastern unrest.

The Lutheran Church is well equipped to battle the Soviet technique of using the Christian religion as a political pawn.

For example, whenever the Soviet Union launches one of its fraudulent peace movements it compels its church dignitaries to travel to the target countries on presumably peace missions like so many spiritual circus horses.

Frequently these so-called religious missions make great propaganda out of the spectacle of the devil which they invent and that devil is invariably America and her Wall Street warmongers.

I was very much moved recently when reading some of the Lutheran Evangelical literature to find one method of persuasion that is employed by Lutheran missionaries abroad.

Just how this method is implemented interests me very much as I find the idea highly inspiring.

I was particularly impressed with the fact that it was being employed in Egypt's Cairo, which is one of the key spots in the Middle East now calling for the best possible display of American character and influence.

The method this missionary is described as using is simply that he "loved Moslems into the kingdom of God."

This Lutheran missionary went about his task without the unbecoming zeal that may excite hostility more often than it wins converts.

Rather, he went about, according to his own words, "seeking to understand the world of Islam."

There is, of course, nothing so powerful as the understanding heart.

This Lutheran missionary studied the Koran and made not merely contacts, but friends with as many Moslem students as possible.

He was their appreciative companion and he indicated the respect for them that he wished them to display for him.

In such a mutual situation it was not long before the Moslem students were asking the missionary about his religion, about Christianity, and in particular about Lutheranism.

Truly he had sown the seed for the kind of mutual understanding, perhaps the conversion, that makes for a peaceful world and attitudes of international courtesy.

In this connection it is significant that the Lutheran Churches of America have sent as much as 100,000 pounds of clothing to Egyptian victims of the recent war within a month.

This is good and effective work.

The shipments went to refugees in the Port Said area and were authorized by the Lutheran world relief.

This is a concrete example of practical Christianity at its best.

But beside it, let me insist, is the work of the missionary who made it his business to understand the Moslems and their faith.

He had the remarkable grace and restraint to enter into discussion with them concerning his own faith only when in due course they proceeded to make their inevitable inquiries.

This missionary in portraying the role of a modern John the Baptist by preparing the way for our Lord added greatly to the good intentions of American Lutherans in sending material gifts from the United States.

In reviewing Lutheran activities in the field of foreign missions the hundreds of Lutheran missionaries merit our heartfelt gratitude for their remarkable achievements in the holy land, in Egypt, throughout the entire Middle East, and around the world.

It is appropriate at this point to pay a marked tribute of love and respect to those Lutheran missionaries who have suffered persecution by the Communists.

With their brothers in Christ of other religious faiths they have like the early Christian martyrs remained steadfast in their faith preferring to suffer death if necessary in defense of the truths of Christianity.

We owe them not only our expressions of gratitude but our constant and earnest prayers.

May God continue to watch over them and rescue them from the chains that bind them.

It is my firm conviction that the work done by Lutheran missionaries will make its mark on world history.

It is my further conviction that the struggle we are now engaged in for the minds of men and for the survival of the free world will be decided ultimately by moral and religious values.

These are the same moral and religious values which the missionaries firmly implant all over the world in the interests of the true faith and for the betterment of the human race.

SENATE

MONDAY, JUNE 24, 1957

(Legislative day of Friday, June 21, 1957)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. J. Sanford Lonsinger, minister of the Third Presbyterian Church, of Newark, N. J., offered the following prayer:

Our help is in the name of the Lord, who made heaven and earth.

Blessed is the nation whose God is the Lord.

Blessed be Thou, O Lord our God, by whose almighty hand hath been brought into being this glorious Nation, dedicated to righteousness, to freedom, to peace among the nations, to the dignity and worth of all men.

We make our earnest prayer that Thou wilt keep the United States in Thy holy protection. Grant us peaceful times and fruitful seasons; bless our homes, prosper our industries, and unite the hearts of Thy people in unity and godliness.

Govern and protect Thy servant, the President of the United States, his Cabinet, the Congress, the Supreme Court, and all in the seats of authority and power. We beseech Thee to grant to the Senate of the United States that guidance and wisdom which shall protect and strengthen the glorious heritage of this great Nation.

Bless all governments and peoples of the world which are dedicated to a just and lasting peace. Bring deliverance to all peoples who languish in fear and enslavement.

Make us equal to our high trusts; make us reverent in the use of freedom; make us just in the exercise of power; make us generous in the protection of the weak. May our Nation be one, truly under God, indivisible, with liberty and justice to all. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the Journal of the proceedings of Friday, June 21, 1957, was approved, and its reading was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting the nomination of Vinton Chapin, of New Hampshire, to be Ambassador Extraordinary and Plenipotentiary to Luxembourg, and withdrawing the nomination of August Todd to be postmaster at Joppa, Ill., which nominating message was referred to the Committee on Foreign Relations.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 469) to authorize the United States to defray the cost of assisting the Klamath Tribe